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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

**SPEECH OF THE HONOURABLE FINANCE MEMBER
PRESENTING THE FINANCIAL STATEMENT
FOR 1918-19.**

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Speech of the Honourable Finance Member

INTRODUCING THE

FINANCIAL STATEMENT FOR 1918-19.

Introductory.

MY LORD,

I rise to present the Financial Statement for 1918-19, and as usual there will be no debate to-day. As regards subsequent discussion we are this year, as Your Excellency has already informed the Council at the opening of the session, introducing a modification in previous procedure which will, I think, be appreciated. We propose, that is, before dealing with particular portions of the estimates to have a general debate on the Financial Statement as a whole, which will enable Members to discuss and criticise to more effect than in the debate that has hitherto taken place on the final Budget, and will give greater reality to subsequent Resolutions which are admissible with reference to loan or taxation proposals and grants to Local Governments, or in the later compartment stage. This discussion will commence on the 8th March and we shall subsequently proceed to the stages at which specific Resolutions will be admissible.

The Budget in its final form, with such alterations in the Financial Statement as may be required by later information or suggested by the discussions in Council, will be presented on the 22nd March. After that there will be no further discussion, the lifeless Budget debate of previous years being superseded by the general discussion on the Financial Statement above referred to, which, as I have said, will enable criticisms to be put forward at a time when our proposals are in a less rigid state.

2. We must again, unfortunately, assume that the war will continue throughout the coming year. That means a continuance, in probably aggravated form, of some of the special problems which I shall presently have to describe to the Council; and as I have said on previous occasions the constantly changing circumstances of the war materially add to our difficulties in estimating. We must go cautiously, and when the results turn out better than we anticipated, it is a matter for congratulation and not for criticism.

3. The general situation I have now to describe is in many ways similar to that outlined in my speech last year. The revenue position is again excellent. Our Railway receipts have once more broken the record, and far exceeded the figure estimated in the current year's Budget. The result is that we are able to face with equanimity a considerable increase in military charges. Our financial embarrassments, as I shall presently show, are mainly due to ways and means questions. We have had to incur here on behalf of His Majesty's Government constantly increasing expenditure which is repaid to the Secretary of State at home. Simultaneously there is serious and growing demand on our resources to finance the shipment of materials required for the prosecution of the war, and of the food-stuffs which the Allies and many portions of the Empire are drawing from India. The account which I shall give later on of the calls which we have had to meet will be a sufficient indication of the anxieties which the year now coming to a close has brought with it. To meet these demands we have had to ask the trading and financial community to submit to restrictions on their operations, and to share to some extent in the general financial burden. I fully recognise and acknowledge the spirit of co-operation with which these restrictions have been accepted.

But I may quite legitimately claim that we on our part have at all times taken our full share in responding to the calls in question. We have been materially assisted in this endeavour to meet our responsibilities by the continued expansion in our currency note circulation, by the gratifying results which have been achieved by the War Loan, by the substantial success of our issue of post office cash certificates, and, latterly, by the material addition to our resources which we have received through the sales of Treasury Bills.

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4. Our satisfactory revenue position is largely due to favourable agricultural conditions. The south-west monsoon of the current year was exceptionally bountiful and prolonged, and such damage as has been sustained by crops, as regards cotton for instance in some provinces, has been due not to deficiency of rainfall but to excess. The recent winter rains have been defective in the north and centre of India, but, speaking generally, the copious south-west monsoon has rendered this deficiency far less serious than would otherwise have been the case. I may add that the area under wheat, which shows an increase of 3 per cent. over the area finally reported last year, is the highest on record.

5. Trade conditions have on the whole been very satisfactory, in spite of the shackles placed upon them by difficulties in respect of railway transport and ocean and coasting freight, and the restrictions which military and political considerations have required us to impose on a variety of imports and exports. The total volume of the private sea-borne trade in 1916-17 was much the same as in 1915-16, though, as a consequence of the rise in prices, the recorded value shows an excess of about £40 million, of which one-third occurred under imports and two-thirds under exports. The excess of exports over imports reached the record figure of £54 million as against £40 million in 1915-16. The financing of this large excess at a time when the ordinary adjusting method of imports of specie on private account is precluded has been, and remains, one of the principal problems which we and the commercial community have had to face.

6. The current year, so far as this can be gauged from the figures of the first nine months, shows little variation from its predecessor. The exports and imports of merchandise show a balance of £38 million in favour of India—reduced to £24 million by private imports of gold, which, however, as I shall shortly explain, have been acquired by Government. Practically the whole of these gold imports have come to us from Japan and America, in liquidation of payments due from these countries for purchases of our products which they have not been able to adjust through exports of merchandise to India.

Speaking roughly, of £108 million of exports in the first nine months of this year—grain, pulse and flour represent £27 million; raw and manufactured cotton £25 million; raw and manufactured jute £21 million; and tea and tanned hides between them £10 million. Over half our imports represent yarns and cotton goods, and sugar.

The available results of this year's trade operations have thus disproved the gloomy prophecies made in some quarters as to the prejudicial effect on trade of the restrictions which, for the reasons explained in my speech last year, we found ourselves compelled, in view of the larger interests involved, to impose on the Secretary of State's Council drawings. Similarly, there is nothing in the trade statistics to support analogous apprehensions that the raising of exchange in August last would re-act on our export trade. As I have said on previous occasions, these factors are of minor importance compared with the difficulties of obtaining freight, and cannot affect the demand for our produce and manufactures so long as war conditions secure these against the competition which India would ordinarily meet with in the world's markets.

Revised Estimate for 1917-18. Current Revenue and Expenditure.

7. The general position is brought out in the following table, which compares the current year's Budget and the Revised Estimate now put forward:—

[In millions of pounds.]

	Budget, 1917-18.			Revised, 1917-18.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
Revenue	66·420	32·451	98·871	76·677	33·724	110·401
Expenditure	66·284	32·549	98·833	70·852	31·468	102·320
Surplus (+) or deficit (—) .	+ 136	— 098	+ 038	+ 5·825	+ 2·256	+ 8·081

Revenue and Expenditure—Imperial.

8. As regards Imperial transactions, it will be observed that we are over £10 million better under revenue, while our expenditure has increased by about £4½ million, leading as a result to a surplus of £5·8 million against £136,000 estimated in the Budget.

9. Nearly half of the total increase in Revenue is due to *Railways*, which have once more broken the record in respect of receipts, in spite of the hampering of our sea-borne trade by scarcity of freight and other war restrictions, difficulties in respect of coal, continued deterioration (owing to lack of renewal facilities) of permanent-way and rolling-stock, and the pulling up of some lines to provide railway material for Mesopotamia. The following table compares the results as anticipated in the Budget with those now forecasted, and brings in for purposes of comparison the actuals for 1916-17 :—

[In millions of pounds.]

	1916-17.	Budget Estimate, 1917-18.	Revised Estimate, 1917-18.
Gross receipts	41·8	41·3*	45·5
Working expenses, including payments of surplus profits to Railway Companies	20·7	21·7	21·7
Net receipts	21·1	19·6*	23·8
Add—Receipts from Subsidised Companies and miscellaneous receipts in England.	0·2	0·1	0·2
Total receipts	21·3	19·7*	24·0
Deduct—Interest charges and some miscellaneous expenditure .	13·8	14·1	13·9
Net profit on Railways	7·5	5·6*	10·1

In framing the current year's Budget we allowed for a slight decrease under gross receipts as compared with the, at that time, record figures of 1916-17, and added to the working expenses in order to cope, as far as the circumstances of the war permitted us, with the demands under renewals caused by the heavy work imposed on our lines and rolling-stock. The very favourable agricultural conditions which India has enjoyed have more than counterbalanced the *prima facie* unfavourable factors referred to above, with the result that we have a large expansion in gross receipts; and as regards net profits, an excess over the Budget of £4·5 million.

10. We have also a considerable increase under gain by *Exchange*, which is mainly due to the fact that in August last the Secretary of State raised his rates for Council Bills to 1s. 5d. per rupee in the case of immediate telegraphic transfers, and 1s. 4½d. in the case of other Council drafts. Before this, too, the figures had been 1s. 4¼d. and 1s. 4½d. respectively, *i.e.*, in excess of the normal 1s. 4d. we take for adjusting our rupee transactions in sterling.

On the other hand we have sustained actual loss on some of our rupee coinage by reason of high silver prices, and it has been decided to take this loss against our exchange gain and not to debit it to the Gold Standard Reserve, which was not intended to deal with a situation in which the bullion value of the rupee exceeded its value on coinage: allowing for this our total net gain under this head amounts to £1 million.

11. Under *Salt* we have an increase of nearly £1½ million,† due to large advance payments in Northern India to secure priority of issue from the stocks there. In November last these indents had so accumulated that it was estimated that it would

* These figures are less than those taken in the Budget by £500,000, the sum estimated as the proceeds of the small surcharge we levied this year on railway goods traffic. This surcharge was subsequently treated as a tax, and the proceeds brought to account under Head XXV—Miscellaneous. Consequently, for purposes of comparison, it is omitted here.

† I give round figures throughout.

take more than a year to clear them off, and accordingly the receipt of further indents was stopped, a measure which will be reflected in a reduction of revenue in 1918-19.

12. Under *Customs* we have an increase of over £1·7 million, due mainly to higher prices which affect our *ad valorem* duties. The increase is most marked under cotton piece-goods (£810,000), while tobacco, silver bullion, sugar, articles of food and drink and miscellaneous manufactured articles are also appreciably better. We have likewise increases of £150,000 under excise duty on cotton manufactures, and £120,000 under the export duty on rice.

13. Other heads of revenue which show material increase are :—

(1) *Posts and Telegraphs*.—£150,000, owing to favourable agricultural and trade conditions.

(2) *Mint*.—£390,000, due mainly to seigniorage charges on new rupee coinage, to cover the cost of Mint establishments and other coinage expenses.

(3) *Interest*.—£150,000, due mainly to temporary investment of the Secretary of State's large cash balances, and to fresh investments made on behalf of the Paper Currency Reserve.

In the Revised Estimate for 1916-17 and in the Budget for the current year we set aside, in all, £600,000 of the additional interest derived from our expanded Paper Currency Reserve investments for a Paper Currency Reserve Depreciation Fund, intended to make good the difference between the original purchase price of our consols holding in the Paper Currency Reserve and its value at current prices—*vide* paragraphs 12 and 53 of my speech introducing the last Financial Statement. The current year's Budget provision for this purpose amounted to £200,000: we now increase this to £450,000, which at present prices will raise the Depreciation Fund to the full limit required.

(4) *Income-Tax proper*.—£910,000, due to larger profits in various trades as a result of war conditions—of which £550,000 occurs under the Income tax head itself, while we realise £360,000 by special payments from the provinces. Income tax is a divided head, the proceeds of which are normally shared in equal proportions between Imperial and Provincial. But in order to obtain for the Government of India the full advantage of the increase in taxation imposed for Imperial purposes in 1916-17, the provinces have, as explained in paragraph 59 of my speech introducing the Financial Statement for that year, to pay to us what would normally have been their share of the proceeds of the additional taxation in question.

Against this, however, we have to set off a slight decrease of £70,000 under *Super-tax*, the receipts from which we estimated in the Budget at about £1½ million. This figure had to be taken very roughly, and it is satisfactory that it has been so closely worked up to.

(5) *Miscellaneous*.—£330,000, which includes £150,000 additional receipts in respect of the railway freight tax imposed this year (*vide* foot-note to paragraph 9), *i.e.*, the yield of the tax is now estimated at £650,000 instead of £½ million.

(6) *Excise*.—£180,000, owing to favourable agricultural conditions. The bulk of the increase under this head falls, however, to the provinces, and the above figure represents the Imperial share only.

14. The only revenue item which shows any considerable decrease is *Opium* (£320,000), owing to the fact that we were not able, without going below the upset price we had fixed, to dispose of as much as we anticipated at some of our monthly sales in Calcutta—by reason of freight and exchange difficulties, and the dealers having considerable stocks in hand. The loss would have been heavier but for some counterbalancing increase owing to additional supplies to the Straits Settlements Government.

15. The increase under Expenditure (£4·6 million) occurs chiefly under *Military charges*. The total net military expenditure for the current year was placed in the Budget at £25·9 million, including a reserve of about £700,000 to meet unforeseen charges. It is now estimated to amount to £28·8 million—an excess, that is, of £2·9 million. The increase over specific provision, which is due to war prepara-

tions and requirements, amounts therefore to £3·6 million and occurs mainly under the following items :—

(a) Additional outlay on rifles and ammunition	£900,000
(b) Grant of increased pay to British troops, following on the measures lately adopted by the Home Government	£520,000
(c) Larger expenditure on port defences, representing mainly the cost of mine-sweeping	£470,000
(d) Increased expenditure on guns, machine gun squadrons and mechanical transport	£200,000
(e) Increased railway charges in connection with larger movement of troops and stores	£140,000
(f) Larger outlay on military works including frontier roads and hospital buildings	£710,000
(g) Frontier operations, mainly connected with the Mahsud Expedition	£140,000
(h) Formation of the Indian Munitions Board	£140,000

16. Under *Political* we have likewise an increase of expenditure on the South Persia Rifles, a corps raised to assist the Persian Government in maintaining order in tracts in which British interests are specially concerned with reference to present war conditions. While such conditions prevail, the cost of this corps is borne by ourselves and His Majesty's Government in equal proportions. It is now estimated that our moiety will amount to £900,000 for 1917-18, including £210,000 of expenditure which really belongs to 1916-17, but will be adjusted in the current year's accounts. Against this, however, we have a Budget provision of £300,000, thus reducing the real excess to £600,000. On the other hand, there is a saving on other political expenditure in Persia which reduces the total excess under this head to £440,000.

17. The only other material increases over the Budget are :—

(1) *Interest on debt*.—£690,000, due to provision for discount on our Treasury Bills. When we issue ordinary loans at a discount, the accounts procedure is to credit the receipts at par value and to show discount as an interest charge. We follow the same procedure in regard to Treasury Bills.

As regards outlay in connection with our war contribution of £100 million to His Majesty's Government, we set aside £6 million for recurring charges, in respect of this amount, including (a) interest on money raised by loan in India and made over to His Majesty's Government, (b) interest on the balance to be taken over in the shape of Home war debt; and (c) sinking fund provision. I explained in paragraph 58 of my speech introducing the last Financial Statement that we were provisionally debiting this amount to the head Interest, and on further consideration it has been decided to maintain this allocation. The fact that our war loan receipts in India have been so much larger than we anticipated does not affect the total here, since it involves a counter decrease in the Home war debt taken over and the interest thereon.

(2) *Miscellaneous*.—£520,000, the chief item being £400,000 on account of stores lost in transit between England and India.

18. We thus, as I have already said, obtain an Imperial surplus of £5·8 million against £136,000 taken in the Budget. This satisfactory result is due in the main to the favourable agricultural conditions with which we have been blessed, and their results as reflected in the still further advance of Railway earnings. Our betterment here, together with the improved Provincial balances to which I shall refer directly, has been of material assistance to us in dealing with the very difficult situation we have had to cope with in respect of ways and means transactions.

Revenue and Expenditure—Provincial.

19. We estimated in the Budget that the provinces, in the aggregate, would obtain a revenue of £32·4 million and spend £32·5 million, leaving a deficit of about £100,000, which would be made up from their balances. The present figures indicate a revenue of £33·7 million and an expenditure of £31·4 million, thus leading to an aggregate Provincial surplus of about £2·3 million.

The improvement under revenue, which is most marked in Bombay, the United Provinces, the Punjab and Bengal, occurs mainly under Excise (£540,000) and Forests (£400,000). There is also a nominal increase of £470,000 under Income Tax; but that is largely set off, as indicated in paragraph 13 (4), by a payment to the Government of India under the head Transfers between Imperial and Provincial.

The decrease of about £1 million under expenditure, which is largest in the Punjab, Bombay and Bengal, is due to anticipated lapses in Budget grants, mainly in respect of civil works, education, police, and the profits from the wheat purchase scheme of 1915 allotted for outlay on agricultural objects.

The aggregate Provincial surplus goes, of course, into our balances, to the credit of the provinces concerned.

Borrowing in 1917-18.

War loan operations.

20. Before going on to our ways and means transactions, I should like to say something about our borrowing operations in the current year.

Our net borrowing at Home is a *minus* quantity as, while raising no fresh money there, we have paid off £2·1 million in the shape of India Bonds and Railway Debentures falling due.

The War Loan we floated in India in various shapes was, as announced prior to its flotation, intended to be made over to His Majesty's Government for the purposes of the war, and to form part of India's total war contribution of £100 million which was offered with such general approval. The balance of the said £100 million was to be defrayed by our taking over a portion of the previously existing Home War debt.

21. Having regard to the anticipations of my expert advisers and the necessity for caution, I was unable, in connection with the current year's Budget, to estimate the total amount of the War Loan at more than £10 million, though I expressed the hope that this might be materially exceeded. That hope has been justified to an extent far beyond the anticipations of the most sanguine expert, as will be seen from the figures below, which are in millions of pounds.

Main Loan	26·6
Postal Section	2·9
Cash Certificates	6·6
	<hr/>
Total	36·1

The figures under the main loan and its postal section represent actuals, payments having been closed on the 15th October, and they include, under the main loan, £4 million actually received in March 1917 (our loan, it will be remembered, started on the 15th of that month) and a little over £1 million allowed to be tendered in England, on certain special conditions, in the shape of Home Treasury Bills, which were exchanged for allotments in the Indian War Loan. The cash certificates, which were introduced as a permanent measure, continue to yield money. The actual receipts up to the end of January amounted to £6,400,000, and we estimate that £200,000 more will have been received in the last two months of the year.

This splendid response to our loan is due in great measure to the patriotic propagandist work of Provincial and District War Loan Committees working under the auspices of the Heads of Provincial Governments, as also to the cordial co-operation of the Presidency Banks, especially those of Bengal and Bombay. The Bank of Bengal made special arrangements for advancing money, to be repaid in gradual instalments, to persons who wished to subscribe to the loan but had not funds immediately available. The Government also assisted its officers in this respect by a scheme under which these were enabled to subscribe in ten monthly instalments to be deducted from their pay—a scheme which was supplemented by the Presidency Banks in regard to officers who wished to spread their payments over a longer period.

22. The surprising response to the loan had, however, one disadvantage. The Public Debt Office was absolutely overwhelmed by the volume of the work suddenly

thrown upon it, and in spite of the utmost exertions of the Bank of Bengal, which manages this office, and whose staff had previously been depleted by a number of its officers going to military service, there was considerable delay in the issue of scrip. I may say that steps have been taken to prevent any such complaint in respect of next year's loan by simplifying and decentralizing arrangements as far as possible.

23. Taking the various forms in which the loan might be subscribed to in the main section and its post office ancillary, the results are as follows:—

	[In millions of pounds.]
5 per cent. long-term Loan of 1929-47	8·3
5½ per cent. 3-year War Bonds	13·2
5½ per cent. 5-year War Bonds	8·0
Total	29·5

It will be seen that, in spite of the conversion facilities it carried in regard to previous loans, less than one-third of the total was realised from the long-term loan, and that the 3-year short-term war bonds received a material preference over the 5-year.

It is interesting to note that the great bulk of the applications in all three issues were fully paid up, the percentage of such applications varying from 75 per cent. in the case of the long-term loan to 89 per cent. in the case of the 5-year bonds.

24. As regards the cash certificates, the nature of which was explained in my speech introducing the last Financial Statement, these have come to stay, and the results this year have been most gratifying, the total figure (£6·6 million, of which only about £300,000 was found by withdrawals from existing postal accounts) being in excess of any previous year's regular borrowing in India. It will be remembered, however, that, although the normal currency of our cash certificates is for 5 years, we undertake to repay them on demand, though of course at some sacrifice of interest. Such withdrawals, on the basis of the latest statistics, will amount to about £600,000, thus leaving the net receipts at £6 million.

I look forward with confidence to the continued operation of this scheme as establishing a valid and welcome *nexus* between Government and the really small investors; and as an illustration of this I may say that 6 per cent. of the subscriptions to the post office section of the loan came from people who put in Rs. 100 or less, and that the purchase of Rs. 10 cash certificates accounted for about 21 per cent. of the total receipts under that head up to the 15th October.

25. Taking the British provinces, in respect of the main and postal sections, and of the actuals already available as regards cash certificates, Bombay heads the list with a total subscription of 14 crores, followed by Bengal with nearly 12 crores, and by the Punjab with a little over 6. As a Madras officer, I must express my disappointment that my Presidency has not done as well, compared with others, as I expected, having allowed itself to be distanced not only by the United Provinces and the Punjab, but also by Burma. It has of course to be remembered that some of the subscriptions received in Calcutta and Bombay represented applications on behalf of subscribers residing in adjoining Provinces or States.

The loan was also most cordially subscribed to in the principal Native States. Taking the figures for the main loan, 113 lakhs (in round figures) were received from Hyderabad, of which 75 lakhs came from His Exalted Highness the Nizam; 88 lakhs from His Highness the Maharaja Sindhia, 54 from Mysore, of which 35 lakhs were subscribed by the Darbar; and 31½ from His Highness the Gaekwar of Baroda; while Their Highnesses the Nawab of Bahawalpur and the Maharaja of Patiala subscribed 40 and 25 lakhs respectively.

It is not possible to state with any degree of statistical accuracy to what extent the loan receipts represented money which would otherwise have remained with, or been lodged in, banks. But there is no doubt that a considerable amount—especially under the cash certificates and the postal section of the main loan—represented money that would not have been so employed, but was specially drawn out by the loan stimulus.

26. At the time the loan was launched apprehensions were expressed in various quarters as to the prejudicial effect it would have on trade and commerce by drawing

off money from the banks. These anticipations have proved without foundation. The principle we adopted throughout was to leave the loan proceeds with the Presidency Banks, where they could be made available for trade purposes, until we actually needed them for disbursement, or the Banks specially requested their withdrawal; and the Presidency Banks on their side were ready to give assistance to other banks which might find themselves in temporary difficulties owing to the sudden withdrawal of their deposits.

The following figures will make our policy in regard to the loan receipts quite clear. In the third week of June these had swelled the Government balances with the Presidency Banks to nearly 24 crores, while by the end of September the balances had been gradually reduced to 8½ crores. But the withdrawals were employed, practically, to liquidate Council drafts, so the ultimate result was merely to transfer a portion of the Presidency Banks' holdings from public to private deposits.

The best proof of the success of the policy adopted was that when the payments to the main section of the loan closed in the middle of October, the Presidency Banks of Bengal and Bombay had such plethoric balances that we were able, without misgiving, to launch on the experiment in regard to Treasury Bills to which I shall now turn.

Treasury Bills.

27. The drain on our resources caused by heavy war payments for His Majesty's Government and the Secretary of State's Council bills led us, in the middle of October, to introduce a new experiment—the issue of short-term Treasury Bills, which could be taken at option for periods of 6, 9, or 12 months. It was suggested to us in some quarters that we might issue three-months bills also, but this would then have been undesirable, as the bills would have matured at a time when it would have been inconvenient for us to meet them. Since January, however, we have been issuing bills of this description.

The results have been very satisfactory. Including a special temporary loan we took from the Bank of Bombay on very favourable terms to ourselves, in addition to a large purchase of Treasury Bills by that institution, we have in this way raised £25½ million up to 15th February 1918, and we hope before 31st March to get up to a total figure of £30 million.

Revised Estimate for 1917-18. Ways and Means.

(1) India and England together.

28. As regards capital transactions, the following table reproduces the figures given in paragraph 72 of my speech introducing the Financial Statement for 1917-18, subject to certain modifications made in the final Budget and later:—

<i>Outlay.</i>	<i>£ million.</i>	<i>Resources.</i>	<i>£ million.</i>
Provincial deficit . . .	0·1	Imperial surplus . . .	0·1
Capital expenditure—		Unfunded debt . . .	1·9
Railways . . .	3·6	Special war receipts . . .	0·6
Irrigation . . .	0·6		
Delhi . . .	0·3		
Discharge of debt . . .	0·9	Credit for silver purchased in	
		1916-17 . . .	1·4
		Miscellaneous items . . .	1·5
TOTAL . . .	5·5	TOTAL . . .	5·5

29. (1) The figures for War Loan transactions have been omitted, as in the case of the corresponding table in the last Financial Statement, since they will go to His Majesty's Government in part liquidation of our £100 million contribution.

(2) The figures do not follow the Budget in the following respects:—

(a) We then contemplated drawing on our balances in India to the extent of £3 million, corresponding to the estimated loan receipts during 1916-17. The present table is, however, squared without adopting this course, and to the extent to which our balances were in excess of the normal figure, these consisted of anticipatory war loan receipts which can be more conveniently dealt with in connection with the war loan figures as a whole.

(b) Miscellaneous items, £1·5 million.—The head Miscellaneous is made up of numerous entries, such as deposit transactions, etc., and it was anticipated at the time of the presentation of the Financial Statement that these would practically balance each other. Subsequently, however, the Secretary of State advised us that he expected to recover £1½ million less war expenditure in 1916-17, and a correspondingly larger amount in 1917-18 (*vide* paragraph 6 of my speech introducing the final Budget).

30. But the figures as we can now forecast them will stand thus:—

£ million.		£ million.	
<i>Outlay.</i>		<i>Resources.</i>	
Capital expenditure—		Receipts from Indian Treasury Bills, etc.	30·0
Railways	3·1	Imperial surplus	5·8
Irrigation	0·5	Provincial surplus	2·3
Delhi	0·3	Net result of other transactions	0·6
Discharge of debt*	2·7		
Purchase of Home Treasury Bills	20·0	Total	38·7
Credits in favour of Federal Reserve Bank of New York	2·7		
Purchase of military stores and equipment awaiting allocation	2·1		
Total	31·4		

31. (1) The capital expenditure falls short of the Budget Estimate by £600,000, due mainly to lapses under railway expenditure at Home, which could not be fully made up by extra outlay here.

(2) The discharge of debt figure includes £570,000 in repayment—(a) of a temporary loan of £330,000 taken from the Maharaja Sindhia in 1914-15 and (b) of three instalments of £80,000 each of the Gwalior loan of 1887. In 1914-15 His Highness the Maharaja intimated to us in the most generous and patriotic way that he would postpone repayment of these instalments during the war, but in view of its prolongation it has been decided to take no further advantage of this concession.

The remaining amount (£2·1 million) is in respect of debt in London, and is for discharge of India Bonds (£500,000) and Railway Debentures which matured this year. It was originally proposed to renew the latter, but in view of the Secretary of State's favourable financial position they have been paid off.

(3) We have also had to incur expenditure to the extent of £2·1 million on the purchase of military stores and equipment in anticipation of demands either in India or from the Expeditionary forces. Pending their allocation to specific requirements, when the cost will be treated as expenditure debitable to Indian revenues or recoverable from the Home Government as the case may be, it has to be charged to a suspense head, thus reducing the resources available for general ways and means purposes.

(4) The Treasury Bills receipts and the Imperial and Provincial surpluses have already been explained, while the American 'credit' transaction is referred to later in paragraph 39.

32. The closing item in the 'Resources' column, which balances to £600,000, is the net result of transactions in respect of unfunded debt, special war receipts, credit for

* The discharge of debt is shown in statement C of the Financial Statement as amounting to £5·5 million: the difference between this sum and the figure given above represents rupee debt bearing interest at 3, 3½ and 4 per cent. which has been cancelled by the issue of a smaller face value of paper of the 5 per cent. long term Indian war loan 1929-1947 in connection with the conversion operations of 1917, and securities of the latter loan cancelled by purchase for the sinking fund constituted under the Loan notification. The amount of debt cancelled is shown in statement C as debt discharged by a *per contra* credit to the head "Deposits and Advances—Miscellaneous".

silver purchased but not yet obtained, and miscellaneous, which were shown separately in the statement in paragraph 28, and there totalled to £5·4 million.

(1) Apart from transactions connected with the transfer of the provident funds of certain Railway companies to Government which result in a credit of £300,000, unfunded debt is now estimated to bring us in £300,000 only, against £1·9 million contemplated in the Budget, owing to reduction in postal savings bank deposits by reason of the superior attractions of cash certificates and the postal section of the ordinary loan. There is no reason to regret this as it is of advantage to us to have deposits which are practically at call transferred to more permanent indebtedness. Cash certificates, I may say, come technically under unfunded debt, but it is convenient to deal with them in connection with the war loan, as the amount realised thereby is credited to His Majesty's Government like our war loan receipts proper.

(2) The adjusting credit in regard to silver is now altered to a debit of £200,000, as the amount outstanding at the end of the current year will exceed that at the beginning.

(3) Special war receipts are now estimated to produce £200,000 only, by reason of smaller receipts in connection with the employment of enemy ships.

(4) Miscellaneous items balance to *nil* as against an anticipated credit of £1½ million. This is due to—

(a) The amounts recoverable from His Majesty's Government in respect of 1916-17 having been less than anticipated.

(b) The fact that no recovery has yet been made, pending more definite compilation and adjustment of accounts, of the sums which under present arrangements constitute the share of His Majesty's Government in respect of the cost of the South Persia Rifles—*vide* paragraph 16.

33. It will thus be seen that, apart from the £20 million to be invested in Home Treasury Bills, which I will explain directly, we are about £27½ million to the good as compared with original anticipations, a result obtained mainly—

(a) By our having a large (combined) Imperial and Provincial surplus of £8·1 million, whereas in the Budget we expected these two items to balance to *nil*.

(b) By our receipts from Treasury Bills, including the temporary loan from the Bank of Bombay referred to in paragraph 27.

These results would lead up to an aggregate closing balance in India and England of £44 million as against about £17½ million taken in the Budget.

We have, however, arranged with the Secretary of State, on whose side, as I shall presently explain, the greater part of this balance has accrued, to reduce it by the purchase of £20 million of Home Treasury Bills, to be realised later in order to meet the special liabilities which will then come upon us.

34. Apart from our Treasury Bills, which mature in the coming year and which we propose to pay off or renew then, our position as regards temporary debt is as follows. In 1920 we have to pay off the three-year War Bonds issued this year amounting to about £13 million. In 1922 we have to pay the five-year War Bonds of 1917, amounting to about £8 million. Our this year cash certificates, amounting to £6 million net (after deducting amounts already repaid), will also fall due in 1922. In 1923, again, we have to pay off the loan of 1915, amounting to £3½ million: we have the option, however, of paying this in 1920. Moreover, our borrowing programme for next year will in all probability include the issue of short term bonds, and if we repeat bonds for three and five years, the former will mature in 1921, and the latter, and fresh cash certificates, in 1923.

Lastly, when peace conditions permit the resumption of the Railway Capital Programme on a scale necessary to provide adequately for requirements—and this will involve making up a lot of leeway in respect of the compulsory cutting down of that programme during the war—we shall probably find some difficulty in raising, on reasonable terms, the amount of capital which would be required.

We propose therefore, as against our temporary borrowings on Treasury Bills here, and in view of the satisfactory financial position of India as a whole, to invest £20 million in Home Treasury Bills in order to provide for the liabilities which in one way or another will come upon us shortly after the war is over,

35. This investment will, of course, help the Home Government *pro tanto* in providing funds for the war. And counting in investments from the Paper Currency and Gold Standard Reserves, we shall thus have put £32 million of fresh money into Home Treasury Bills this year, making in all, in addition to the £35 million we had already put in up to the end of 1916-17, a total of £67 million lent to the Home Government, and quite outside our special war contribution, since the war began. This will be increased by £16 million in the coming year through the additional investment against the Paper Currency Reserve proposed in paragraph 70.

(2) *India.*

36. But though our position, taking India and England together, is a decidedly satisfactory one, there is a most marked difference between the position in the two countries, owing to the very large war expenditure which we have to meet here and for which the Secretary of State receives payment in London, while we have also to defray large Council drawings, which he issues in the interests of India's export trade, the bulk of which at the present time consists of commodities of national importance. Owing, again, to the high price of, and keen competition for, silver, the Secretary of State has not been able to make counter-remittances to us in this form (for coinage) to anything like the extent that we had hoped for, while the necessity of conserving the central gold resources of the Empire has precluded his making alternative counter-remittances to us in that metal. America, too, has prohibited the export of gold and silver except under special licence since September 1917. Accordingly, while the Secretary of State's balances have been exceedingly high, our position has been one of constant anxiety. We should indeed have been in a very parlous state but for the facts that—

(a) Our War Loan receipts proved far in excess of the most sanguine estimates that could have been framed in advance of the loan. And though the receipts ultimately go to His Majesty's Government, that takes place by adjustment between the India Office and the Treasury in London, so we get the primary benefit of the money subscribed here.

(b) We are, as already indicated, obtaining £30 million from Indian Treasury Bills or their equivalent.

37. The difficulties of our position in India will appear more fully from the figures which follow.

In the current year's Budget we estimated that we should have to incur a repayable outlay of £39 million for war purposes, including £2·7 million for remittances to East Africa and expenditure on behalf of Australia and the Ministry of Munitions. Leaving out minor miscellaneous adjustments, we proposed to find this amount to the extent of £24½ million from revenue, representing ordinary Home charges in respect of current and capital expenditure; £10 million from the proceeds of the War Loan, including cash certificates; and about £4 million through purchase of silver by the Secretary of State. The Secretary of State was to finance himself for his ordinary requirements from the recoveries he obtained from the War Office, etc., and we were unable to make any specific provision for Council drawings, barring a sum of £½ million representing the difference between estimated outstandings at the beginning and at the end of the year. For the current Council drawings we had to trust to further purchase of silver by the Secretary of State and further investment from the Paper Currency Reserve.

38. The present state of things, taking actuals so far as they are available and anticipations in respect of the remainder of the year, is as follows.

(1) The outlay on behalf of His Majesty's Government, including as before remittances to East Africa and expenditure on behalf of Australia, the Admiralty and the Ministry of Munitions, amounts to no less than £66 million.

(2) The Secretary of State's drawings are expected to amount to £34·8 million, inclusive of special allotments to the Exchange Banks to enable them to finance tea and rice purchases for His Majesty's Food Controller, and other payments which are practically equivalent to Council bills. The latter category covers special finance which we provided in India in respect of wheat purchases negotiated for the Royal Commission on food supplies.

(3) We have further to provide funds for the purchase of tea for the War Office in Ceylon and of foodstuffs for that Colony in India, for coinage undertaken in India on behalf of Egypt, and for special remittances in connection with the war to Jeddah and other places. These various items amount together to £2 million.

(4) We have to meet increased liabilities for the payment of money orders issued by foreign countries on India to the extent of £5·3 million.

We thus get to the gigantic total (for India) of about £108 million, representing, in effect, remittances to England and other countries.

39. To this we have to add a further sum of £2·7 million which, under arrangements between His Majesty's Government and the United States, we have had to provide here in credits to the Federal Reserve Bank of New York for the benefit of American importers of jute and other Indian articles required in connection with the war, who would otherwise find it difficult to discharge their liabilities. This sum represents, in effect, an addition to the Secretary of State's ordinary Council drawings. On the other side, the American Government credits us with an equivalent amount in dollars, and we are assuming the realisation of this sum next year—*vide* paragraph 66 *infra*.

Our special liabilities for what may be called remittance purposes thus reach about £111 million, which is nearly half as much again as our total current revenue (Imperial) as now estimated, and about three and a half times as much as the Secretary of State's Council drawings in the last year of peace (1913-14), when we had, of course, no special war charges and the like to meet on behalf of His Majesty's Government and other British Administrations.

40. We have met, or will meet, this huge demand in the following ways—

(a) By proceeds in India of our War Loan, including £6 million (net) in cash certificates—about £34½ million. The loan produced an additional £1·1 million received in London under special conditions in the shape of Home Treasury Bills, but this is, of course, no use to us in India.

(b) By adding to £24½ million, put down in the Budget estimate as obtainable from revenue, the further sum of £7 million representing, approximately, improvements in revenue (Imperial and Provincial) arising in India : in all, therefore, £31½ million.

(c) By the obtainment of £30 million from Treasury Bills, including the special loan from the Bombay Presidency Bank referred to in paragraph 27.

(d) By fresh coinage of silver, or bullion awaiting coinage—£13·3 million.

(e) By profits from the Gold Standard Reserve in respect of rupee coinage—£1·4 million.

(f) By further investment in London on behalf of the Paper Currency Reserve, which sets free rupees on this side—£8·7 million. We took power last April to increase our Paper Currency investments by £8 million and had £1 million still in reserve against previous investing powers. Against this investments have been made to the extent of £8·7 million, leaving a balance of £300,000 which is available for further investment hereafter.

41. We thus work up to a total of over £119 million as against remittance liabilities of £111 million. But we have likewise to take into account the worseness in our miscellaneous capital transactions as described in paragraphs 31 (3) and 32, and the net result is that we shall have a closing balance in India of £16 million against £12·2 million taken in the Budget. As will be seen later, this surplus will be fully required next year.

I have not taken any account in the above calculations of the measures adopted in respect of compulsory acquisition of gold coming into India, for we have to pay for this gold ourselves. The good it does us is not in any direct increase of our resources, but in the concentration of the gold in the Currency Reserve as against future possibilities, and also in the fact that some of the notes in which we pay for the gold will probably remain in circulation instead of coming back for encashment in rupees.

(3) *England.*

42. I next turn to the Secretary of State's position. His resources for the year are now estimated as follows:—

[In millions of pounds]	
(1) Receipts from Council Bills, and on account of analogous payments, <i>vide</i> paragraph 38 (2) *	35.3
(2) Recoveries from the War Office and the Ministry of Munitions, etc.†	65.0
(3) Special recoveries in respect of our disbursements or remittances of funds in respect of Ceylon, Jeddah, Egypt, etc.	2.1
(4) Increased receipts from the foreign money order transactions referred to in paragraph 38 (4)	5.3
(5) Subscriptions to Indian War Loan in London in the form of Home Treasury Bills	1.1
Total	108.8

43. As against this the Secretary of State will have to meet the following disbursements:—

(1) Ordinary Home charges including capital expenditure outlay	25.0
(2) For purchase of silver ‡	13.5
(3) Payments to the Treasury of the net proceeds of the Indian War Loan§	35.1
(4) Investment in Home Treasury Bills on behalf of the Paper Currency Reserve	8.7
(5) Investment on behalf of Gold Standard Reserve from profits on coinage	1.4
(6) Special investment of £20 million in Home Treasury Bills for the purpose indicated in paragraph 34	20.0
(7) Discharge of India bonds and Railway debentures	2.1
(8) Miscellaneous transactions	0.4
Total	106.2

These transactions and adjustments lead up to a closing balance in London of £8 million.

Currency and Exchange Difficulties.

44. The figures I have cited in dealing with our ways and means operations during the course of this year evidence the nature and extent of the strain which these place on our resources. The subject is, however, one of such importance that I propose to turn now to its more general aspects, and to deal with the position more fully than by mere review of figures. The remittance operations to which I have referred have been on a scale abnormally huge as compared with the transactions of the country before the war. I will now explain as briefly as I can how these have tended to dislocate the mechanism of Government finance, and of trade finance also, owing to the intimate dependence of Indian trade on the financial machinery of Government. In normal times the remittances which the Secretary of State places at the disposal of trade through his Council drawings are required, so far as the

* This does not correspond exactly with the disbursement on our side estimated in paragraph 38, as the present figure includes some drawings which will be paid in India in 1918-19.

† This allows for sums which will be still outstanding at the close of the year.

‡ This figure differs somewhat from that given in paragraph 40(d) by reason of the fact that the Secretary of State pays for silver when he acquires it, whereas we do not get the benefit of it till it reaches India. Consequently, while the figures given in respect of his transactions relate to current purchases, those in respect of ours relate to receipts.

§ The gross receipts from our War loans in India and England together are shown at £36.1 million in paragraph 21, in accordance with the usual practice under which we credit the full face value of a loan under our Loans receipts, discount in respect of the actual rate of subscription being charged as interest expenditure which falls under current revenues transactions. But the net amount actually obtained, allowing for the fact that the long-term loan was issued at 95, and that our net cash certificate receipts are less than the gross by £600,000 (paragraph 24), is £35.1 million, and it is this amount that we pay over to the Home Government.

trade aspect of the matter is concerned, to settle only a portion of the surplus of exports of merchandise over imports, a substantial portion of the excess being discharged by the import of the precious metals by private agency. At the present time the position is aggravated not merely by the increased surplus of exports, but by the difficulty in effecting specie remittances. So, whereas ordinarily the primary object of the Secretary of State's Council drawings is to place him in funds to meet his expenditure in England, his large Council issues are at present made solely with the object of financing trade. His expenditure requirements would be covered nearly twice over by repayments made to him in London against the enormous disbursements made by us here on behalf of His Majesty's Government, these direct disbursements alone placing a very heavy strain on our resources.

45. Our primary difficulty, then, arises from the extent to which, as a result of these transactions, our resources have been transferred from India to England. In normal times it might have been possible for us, as it would be for the banks on behalf of trade, to deal with this problem by the import of specie, or, as a refinement on this method, by earmarking gold in London against the concurrent issue of notes from our Paper Currency Reserve in India. These expedients, or modifications of them, have indeed been adopted to an extent which is, I think, not generally realized. Our imports of purchased silver have, during 1916-17 and the current financial year, amounted to not less than £29 million. The maintenance of silver purchases, however, on a scale sufficient to settle the balance of indebtedness to India would obviously not have been a practical proposition, while since the outbreak of the war, the importation or the earmarking of gold by Government has been precluded by the interests of the Empire.

But though it has not been possible for us to earmark gold, we have adopted an alternative measure which, while it has a very similar effect from our point of view, is at the same time very helpful to the Home Government. We have taken powers to enable us, instead of earmarking gold for our Paper Currency Reserve against the issue of notes, to hold a portion of the Reserve in British Treasury Bills, which are the next best thing to gold. The effect of this transaction is that the Government of India provide, from their Indian resources, the money necessary for meeting the expenditure of the Home Government incurred in India, and they take repayment of a substantial portion of the amount so disbursed in the form of securities of the Home Government. In other words, we have lent to the Home Government for the time being the funds required for a considerable portion of their outlay in India, in the same way in which the United States grants loans to the Allies to cover the larger portion of their disbursements in America.

There is another and analogous method by which we have also to some extent been able to deal with the problem. I refer here to what I have previously said in regard to our War Loan, and to our Treasury Bills. The proceeds of these are received by us in India and are available for financing our disbursements here, while we are repaid in England for services against which these disbursements were originally made. A portion of the amount so recovered, representing the equivalent of the subscriptions to our War Loan is, of course, not lent to the Home Government, but is actually made over to them as a gift in cash.

46. It may perhaps be asked why we could not indefinitely continue the process of making payments in India in notes against purchases of British Treasury bills in England. The answer is, of course, that the extent to which we can issue notes is limited in two ways; in the first place by the extent to which the supplier of goods, or services, is prepared to receive notes in payment, while secondly we must maintain an adequate metallic backing to enable us to honour these notes promptly when presented. Any attempt to compel the acceptance of currency notes would react on public confidence and Government credit, and would result in the depreciation of our notes and the inflation of prices.

47. This fact brings me to another aspect of our difficulty. The great demand for Indian products and other services which has resulted in the large transfer of funds from India to England has also necessitated the issue in India of a large amount of currency to pay for such products, etc. The demand for these products at the same time tends to cause a rise in prices in India, in this way also affecting the amount of currency required. To the extent that these currency requirements

can be met by notes they have been so satisfied. The total of our active note circulation (*viz.*, excluding notes held in our Reserve Treasuries and by the head offices of the Presidency Banks), which is now 82 crores as against 50 crores before the war, is a definite indication of the progress which has been made in this way, and the further introduction of small value notes marks another definite step in the same direction. But ultimately the provision of metallic rupees is largely governed by the customs and prejudices of the Indian producer and artisan, and though these may be gradually modified, there is a definite limit to the extent to which a paper currency can in this country be substituted for coin.

Concurrently, then, with this large increase in our note issue, we must expect, and find, a very large demand for rupees. The net issues to the public during 1916-17 amounted to no less than 35 crores, while in the current year the net issues already amount to a further 24 crores, in addition to 8 crores (over £5 million) of sovereigns. That is 67 crores in all of issues of metallic currency since the commencement of the financial year 1916-17, or in rather less than two years. In normal years we could have hoped that a portion of the large volume of currency thus put into circulation for the purchase of agricultural produce and other supplies, for the payment of labour in mills and factories, and so on, would tend to return to the larger centres in payment for the imported commodities which the recipient classes consume. The contraction of imports caused by freight and other war difficulties, however, affects us in this way too, as well as from the point of view of our purely external exchange; and the net absorption would have been on an even larger scale had it not been for the fact that a certain quantity of our currency has returned to us in the form of subscriptions to our loans. Our requirements of silver have, therefore, been very great, and in attempting to satisfy them, the Secretary of State has been confronted with keen competition from other countries where also the economic position has entailed an increase in the silver currency. Such steps as we could take to eliminate competition by private importers with the Secretary of State we have taken, and I refer to them elsewhere. The fact, however, remains that the price of silver has in the last year been steadily advancing; and has for some time past, subject to some fluctuations, stood at a level at which the bullion value of the rupee exceeds its value as coin.

48. This advance in the price of silver involved an alteration in the exchange value of the rupee on the basis of the rates at which the Secretary of State sells his Councils. The immediate necessity for this measure arose out of the fact that it would be unjustifiable for Government to undertake, at material loss, the supply of the large amount of new rupee currency required at the present time; and I should like to emphasise that this action was reluctantly taken only when it became evident that the price of silver was unlikely for a considerable period to recede from a level at which loss would be entailed by the continued sale of Councils at 1s. 4d. It has been suggested that the potential loss was small and that it might legitimately be charged to the Gold Standard Reserve. I cannot accept either of these contentions. In the first place, the absorption of rupees during the years when the bullion value of the rupee was less than its face value affords no criterion of the probable demand on Government for rupees when, owing to a rise in the price of silver, it would become profitable to melt or to export them. In order to avoid loss from these causes as far as possible, we have, it is true, taken certain steps in the form of prohibitory legislation; but though prohibitions of the kind may serve their object to some extent as temporary expedients, they cannot be expected to operate as a permanent check to the drain on our rupee currency which would certainly accompany a substantial and continued appreciation in the bullion value of the rupee over its face value. In fact the most important limitation which has previously existed on the possible demand on Government for the supply of rupees, *viz.*, that it is unprofitable to export or melt them, would be entirely removed. The only safeguard that a rise in the value of silver above what I may call the 'rupee melting point' will not result in the disappearance of rupees from circulation is such a modification in their external exchange value as to make their export unprofitable. Apart from this safeguard an indefinite and unlimited liability would be entailed, and it would be indefensible for the Government of India to accept this liability as a loss either to the Gold Standard Reserve or to Indian revenues generally.

49. The references which certain of our critics have made in this connection to the report of the Royal Commission on Indian Currency and Finance are, as I said in Bombay last October, based on an entire misapprehension of the Commission's conclusions. The main danger which the Commission had in view was the possibility of the exchange value of the rupee falling below 1s. 4d., and their report lends no support to the view that the Gold Standard Reserve should be drawn upon to make good unflinchingly loss entailed by adhering to the 1s. 4d. rate in the case of such a contingency as that which has now occurred. I quote from paragraph 79 of their report:—The object of the Gold Standard Reserve, they said, "is only to provide a reserve sufficient to convert into sterling such amount of rupees as may at any moment seek export; in other words, such amount as the owners require to exchange for sterling in order to settle debts due in sterling." With this object in view, they definitely recommended that the whole of the Gold Standard Reserve should be held in London so as to make it as efficient as possible for the purpose, a portion of the Reserve then held in India being transferred to London at the earliest possible opportunity. I give these references to show that the *dicta* of the Commission did not envisage a situation such as that which has since arisen. Their conclusions presupposed a totally different set of conditions and cannot be appealed to in support of a plea that the measures which it has been necessary to adopt are inconsistent with the Commission's findings and would not be endorsed by them.

50. I much regret any hardship imposed on our export trade by the increase which it has been necessary to make in the rate for Council drafts, and I am, of course, well aware that a rise in exchange would in ordinary conditions be prejudicial to that trade, like the limitations which the Secretary of State has found it necessary to impose on the volume of his Council drawings. Consequently, as I have repeatedly stated, we embark on any such action with the greatest reluctance, and simply to prevent greater evils. At the same time, while a rise in exchange tends, under ordinary conditions, to prejudice the export trade, it must be remembered that a country like India, which normally exports a considerably larger volume of commodities than she imports in order to discharge her external obligations—such as interest on her sterling debt, Home administrative charges, and outlay on stores and plant—gains by a measure which requires her debtors to pay more for the rupees in which their payments must eventually be liquidated. Or, to put the matter in another way, a rise in exchange means that a smaller amount of India's commodities, as expressed in rupees, will have to be sent abroad in order to provide for a specified amount of payments in sterling, and that she herself will have to pay less for the imports she obtains.

51. Further, in considering the effect on India of a rise in exchange at the present time, allowance must be made for the effect of the abnormal conditions now prevailing. While an Indian exporter would doubtless, in normal circumstances, be prejudicially affected by a rise in the external value of the rupee, which would make it more difficult for him to compete with producers in other countries, this proposition does not apply when no keen competition on the part of other producing countries exists, when there is a large and an unsatisfied demand for many of India's more important products, and when, as a result of freight difficulties, exporters are able to ship practically all the goods for which tonnage can be provided. Even if it be granted that, as a result of the rise in exchange, exporters are receiving somewhat lower rupee prices than they would otherwise have secured, it is an undoubted fact that the actual rupee prices obtained are, in the case of most commodities, substantially in excess of pre-war prices and that, in spite of such restrictions as it has been necessary to impose, rupee prices within India have risen and not fallen. That this is the case is due to the great demand for India's products from abroad and to the enormous rise in prices which has taken place in almost every country in the world which consumes these products. It is indeed probably the case that but for the various restrictions which have attended the special external demands for India's products during the war, internal prices would have risen to a level higher than that at which they at present stand. Even as it is, the great increase in internal prices has become a serious hardship to the poorer classes within India, and special measures have been necessary to deal with some aspects of this problem.

52. There is yet a further point which I would like to emphasise. India is not peculiar in being affected by exchange difficulties. Practically every country in

the world at the present time is undergoing embarrassment in some form or other in connection with its foreign exchanges; and I think we are entitled to take credit for the fact that, in spite of the special difficulties with which we have had to deal, our currency system has borne the strain on it so well, and that we have succeeded in regulating sterling exchange to the public advantage in a way which has been possible in very few other countries. Thus in the case of France, the present exchange rate as between Paris and London has not only departed from the normal gold point to at least the same extent as the external rupee exchange, but it is also liable to indefinite fluctuations. In Italy and many other countries the exchanges have diverged further from normal, and are liable to even greater fluctuations. In the case of India, if exchange had been left to find its own level under the normal laws of supply and demand, the rupee exchange would long ago have reached a far higher level than it has actually done.

I made observations of this description to the Indian Merchants' Chamber in Bombay last October, but I desire to repeat them here, through this Council, to a wider public.

53. In this endeavour to maintain stability in our exchange rate, we have received the valuable co-operation of the Exchange Banks and others. In particular, I can record with satisfaction that exports of national importance, to which, as is well known, special priority in finance is now given by the Exchange Banks, have not, in spite of difficulties, been retarded by any breakdown in the arrangements for their financing. We may yet have to call to a still larger extent for the co-operation of merchants and others who have homeward remittances to make, with the view of applying these more largely than in the past to the financing of these essentially national exports; and to such an appeal I have no doubt that we shall find an adequate response from those engaged in the import trade.

This co-operation being of the greatest value to us, we can, I think, reasonably require it to be given, and ask the banks and trade generally to submit in Imperial interests, and therefore for their own ultimate advantage, to a certain amount of control and inconvenience. After all, the bulk of the burden is being shouldered by Government. Apart from the £35 million which we have given outright to the Home Government in the form of cash in part liquidation of our war contribution, and in addition to our Gold Standard Reserve holdings and our ordinary Home Treasury balances, we shall by the end of the current year have accumulated in London £32 million of British Treasury Bills in the Paper Currency Reserve and £20 million in the special reserve referred to paragraph 34, or about £52 million of floating funds which we should be very glad to have in India.* Against these accumulations in England we have already undertaken in India a liability for about £30 million of short-term debt and £30 million of Treasury Bills. This "overbought position," as it would be described in banking terminology, will be further added to during the coming year. These facts are sometimes ignored by those who chafe under what they regard as arbitrary restrictions and who urge upon us that such restrictions could safely be removed or relaxed.

Budget Estimate for 1918-19. Current Revenue and Expenditure.

54. Assuming that next year's monsoon will be normal, the following statement compares the Revised Estimate for 1917-18 with the Budget Forecast for 1918-19.

[In millions of pounds.]

	Revised, 1917-18.			Budget, 1918-19.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
Revenue ...	76·677	33·724	110·401	73·999	34·348	108·347
Expenditure ...	70·852	31·468	102·320	71·708	34·443	106·151
Surplus (+) or deficit (-)	+ 5·825	+ 2·256	+ 8·081	+ 2·291	—·095	+ 2·196

* The £67 million referred to in paragraph 35 included Gold Standard Reserve transactions.

Revenue and Expenditure—Imperial.

55. It will thus be seen that we expect to be about £2 $\frac{2}{3}$ million worse off under revenue, while the expenditure is about £800,000 more than in the current year, thus giving a surplus of £2·3 million against £5·8 million now expected for 1917-18.

56. The reduction in Revenue is primarily due to a decrease in *Salt* receipts (£1·9 million), and the elimination of gain by *Exchange*, estimated this year at £1 million net. To take credit for the latter would be gambling on a continuance of the present rates of exchange, which we have no desire to see maintained when the circumstances that justify them pass away, and we therefore, following precedent, leave it out of account in our budgetary anticipations.

The falling off under Salt is due to the stoppage of indents in Northern India, referred to in paragraph 11, which, in view of the state of stocks there, must continue for a considerable time.

57. As regards other heads, I give some remarks as to items which call for special comment.

The following table, which is on the lines of that given in paragraph 9 for the current year, shows the total *Railway* results for 1916-17, and those now estimated for 1917-18, and forecasted for 1918-19:—

[In millions of pounds.]

—	1916-17.	Revised, 1917-18.	Budget, 1918-19.
Gross receipts	41·8	45·5	47·0
Working expenses, including payments of surplus profits to Railway Companies.	20·7	21·7	24·1
Net receipts	21·1	23·8	22·9
Add—Receipts from Subsidised Companies and miscellaneous receipts in England.	0·2	0·2	0·1
Total receipts	21·3	24·0	23·0
Deduct—Interest charges and some miscellaneous expenditure.	13·8	13·9	13·8
Net profit on Railways	7·5	10·1	9·2

In forecasting gross receipts for next year, we have to bear in mind that those of 1917-18 were swelled by an extraordinarily good monsoon, and that, with continued wear and tear of rolling-stock and absence of adequate facility for renewal, a time must come at which the railways cannot carry all the passengers and tonnage that they might otherwise convey. We think, therefore, that it is not safe to estimate for an increase of more than £1 $\frac{1}{2}$ million on the Revised Estimate for the current year. On the other hand, we have to provide for an increase of nearly £2 $\frac{1}{2}$ million under working expenses, including special renewals in order to provide, as far as circumstances permit us, for enabling the railways to bear the strain the present circumstances are putting upon them.

Taking minor alterations into account, we thus, as shown in the table, get to a final net profit on Railways of £9·2 million against £10·1 million now estimated for 1917-18 and £7·5 million in 1916-17—a decrease, that is, of £900,000 as compared with the current year.

58. *Interest* receipts show an increase of nearly £1 $\frac{1}{2}$ million, with reference to the investment of £20 million in Home Treasury Bills indicated in paragraph 34, and the fact that the special Paper Currency Depreciation Fund, referred to in paragraph 13 (3), having now been made up to the total amount at present required, no further contributions thereto will be needed.

59. There is a decrease of £300,000 under *Miscellaneous*, the principal item leading to this result being £170,000 due to profits on the wheat scheme of 1915, which figure in the accounts for the current year and will not now recur. But so far as Imperial revenues are concerned, the decrease under this latter item will be counterbalanced by an almost like decrease in payments to the provinces under *Transfers between Imperial and Provincial*, since most of the wheat profits were passed on to the Local Governments under this head.

On the other hand, there is an increase here, by reason of a special recurring grant of £200,000 for the development of *primary education*, which we propose to make in supplement of that given this year for improving the pay and training of teachers in primary and secondary schools. We desire to give this fresh evidence of our concern for educational development, though the amount we can assign is but small by reason of the strain on our resources occasioned by the war. Apart from this too, as Your Excellency indicated in your opening speech, it is impossible to embark on large fresh commitments from Imperial funds till the future powers of local bodies, and the future relations of local, Provincial and Imperial finance, have been determined in connection with the scheme of Constitutional Reforms.

Nearly the whole of this grant will be distributed to the provinces, and these and other adjustments will result in the net payment from Imperial revenues under *Transfers between Imperial and Provincial* being about the same as in the current year.

60. (1) Under *Customs*, we anticipate about £410,000 less than now estimated for the current year, on the assumption that a decreased volume of trade, which will probably result from the shipping situation, will be largely countered by higher prices reflected in our *ad valorem* duties. It is necessarily a matter of increasing difficulty to forecast the manner in which war restrictions will affect our Customs revenue. We must, of course, expect the limitations imposed by freight scarcity and restrictions on production to continue in an accentuated form. On the other hand, the export restrictions from the United Kingdom may not impossibly be set off to an increasing extent by substitutes from other countries, *e.g.*, we are obtaining a larger amount of provisions from America and Australia, and, still more, by the higher level of prices. On the whole, therefore, we have come to the conclusion that it will be safe to take a somewhat smaller figure than the Revised Estimate of the current year, allowing for the fact that we can expect no receipts from private imports of silver in 1918-19.

(2) As regards *Income-tax* and *Super-tax* (taken together) we estimate an increase of about £170,000 over the receipts of the current year as shown in the Revised Estimate.

(3) *Posts and Telegraphs* are estimated to give us £290,000 more. But this is more than set-off by an increase of £330,000 under expenditure, due to expansion of the operations of the Department, an increase in pay of establishments with reference to war conditions, and increased price of stores and stationery.

61. Turning now to the Expenditure side, the net outlay under *Military Services* is estimated in the current year at £28·8 million. But various items of this are non-recurring or will recur in smaller proportion next year. In the former category figures this year's expenditure on rifles and ammunition (£1,450,000); the latter covers diminished expenditure in connection with the North-West Frontier (£370,000), purchase of Hotchkiss and Lewis guns, manufacture of ammunition, etc. (£170,000), and smaller provision for Home stores, Military Works, and Railway charges, etc. (£510,000).

On the other hand we have to take into account:—

(a) £550,000 extra for increased pay concessions to British troops—*vide* paragraph 15, item (b)—for a whole year instead of for a few months only as in the current year.

(b) £200,000 for introduction of the Station Hospital system for India and improvements of hospitals.

(c) £250,000 for extension of Ordnance factories.

The net result of these various changes is to bring the allocated 1918-19 expenditure up to £27·3 million, and to this we add a reserve of £1·7 million for charges at present unforeseen, so as to be in a position to meet additional outlay consequent on the war such as has come on us after the Budget was framed in the last two years. The total provision for net Military expenditure is thus £29 million.

62. India's share of the total expenditure on the South Persia Rifles which, as stated in paragraph 16, is shown under *Political*, is estimated at £750,000 for next year, against £900,000 this. The decrease is mainly due to non-recurrence of the adjustment which had to be made this year in respect of charges of 1916-17, *vide* paragraph 16 *supra*. But allowing for increase in other Political expenditure in Persia, the total figures under this head are £350,000 more than in the Revised.

63. (1) Our total charges in respect of the War debt remain at £6 million, including sinking funds of £270,000 in connection with this year's long term Indian issue (*vide* paragraph 81 of my speech introducing the last Financial Statement) and £470,000 in respect of the Home war debt taken over.

(2) Under *Miscellaneous* we get an improvement of £500,000 by reverting to the Budget figure for the current year and omitting the special increase in the Revised referred to in paragraph 17.

64. The final result, so far as it can at present be forecasted, is, as I have already said, a revenue surplus of £2·3 million. We shall need every penny of this—and more too if it should accrue to us—to meet our ways and means difficulties, and there can be no question, while war conditions continue, of reduction of taxation. On the other hand, as our difficulties arise on the way and means, and not on the revenue, side there is no present necessity for adding to the fresh imposts imposed during the last two years. We therefore keep our taxation on the existing level.

Revenue and Expenditure—Provincial.

65. The Provincial revenues are taken in the Budget at £34·3 million and the expenditure at £34·4 million. An increase of revenue is anticipated everywhere except in the United Provinces. The current year's revenue in these provinces has been inflated by special receipts from irrigation, and provision has been made for normal receipts in the coming year; part of the decline is also due to the omission of the non-recurring assignment made to provincial revenues in the current year from the profits of the wheat scheme. Assignments on the latter account have been made to other provinces also, but in their case the increase of revenue from normal growth is expected to exceed the deterioration arising from the omission of the assignments next year.

The result is, as I have said, that Provincial receipts and expenditure are nearly in equilibrium; but nevertheless the provinces can anticipate the spending of nearly £3 million more than they were able to lay out in the current year.

The financial situation has compelled us to keep in force the instructions to Local Governments I have referred to in previous speeches to refrain from new outlay which is not immediately necessary or remunerative, and to maintain their expenditure as far as possible within the limits of their current income. I have once more to acknowledge the loyalty with which the Local Governments are carrying out this policy, and the figures I have just cited show that the restriction has not been incompatible with reasonable increase in Provincial expenditure.

Budget Estimate for 1918-19. Ways and Means.

(1) India and England together.

66. Our ordinary capital transactions are estimated as follows:—

<i>Outlay.</i>				<i>Resources.</i>		(In millions of pounds.)	
Capital expenditure—							
Railways	.	.	4·2	}	From balances	.	3·6
Irrigation	.	.	0·5		Net revenue surplus (Imperial and	.	
Delhi	.	.	0·3		Provincial)	.	2·2
Discharge of debt	.	.	5·9		Unfunded debt, excluding cash	.	
					certificates	.	1·2
					Special war receipts	.	0·2
					Credit for silver purchased in 1917-18	.	1·0
					Net balance under Miscellaneous	.	nil
					Repayment of credits placed at the	.	
					disposal of the Federal Reserve	.	
					Bank of New York in 1917-18	.	
					— <i>vide</i> paragraph 39.	.	2·7
					Total	.	10·9

67. (1) The Railway and Irrigation expenditure follow the figures advised by the Departments concerned, the Railway outlay being put at about £1 million more than in the current year's Revised Estimate.

(2) Discharge of debt includes £3·1 million for payment of India Bonds and Railway Debentures which will mature in the coming year, £2·7 million for the repayment of the temporary loan taken from the Bank of Bombay in the current year, and £80,000 for the instalment of the Gwalior Loan of 1887.

(3) Allowing for the small Provincial deficit exhibited in paragraph 54, the net surplus, Imperial and Provincial, is £2·2 million.

(4) The statement includes nothing from Treasury Bills, as we assume that what we can thus obtain next year—say, about £27·3 million—will merely suffice to wipe out the similar obligations incurred during the current year.

Nor do we make any allowance here for ordinary loan receipts, since, as will be seen presently, it is proposed to apply what we can raise by loan in the coming year to the further liquidation of our £100 million contribution to the Home Government.

(5) Under Miscellaneous we provide for the anticipated recovery from the Home Government of their share of the expenditure on the South Persia Rifles for the period ending 31st March 1918—*vide* paragraph 32 (4) (b). But against this and other miscellaneous receipts, provision has to be made for the payment of Council bills amounting to £2 million which remain unpaid at the end of the current year. The final result is a *nil* adjustment in respect of Miscellaneous.

Our aggregate closing balance in India and England on the 31st March 1919 is estimated at £20½ million.

(2) India.

68. But though our position, taking India and England together, is quite satisfactory, the resources shown in paragraph 66 being the same as the liabilities, things are very different when we look at India alone. Our recoverable war expenditure for His Majesty's Government cannot be estimated at less than about £70½ million, while we have in addition to supply funds to East Africa to the extent of £2·8 million : in all therefore £73·2 million.

We shall also have to meet £2 million in respect of Council Bills drawn by the Secretary of State in the current year but not payable by us till after its close, and £2·7 million in respect of the temporary loan obtained from the Bank of Bombay which has to be repaid in 1918-19. Our liabilities thus come to £78 million.

69. Against this we have £22·1 million available from surplus of revenue over expenditure in India, and we anticipate getting £20 million by fresh borrowing, a measure on which I shall have more to say later. So far then, we have got £42 million, and are still £36 million to the bad, without making any allowance for fresh Council Bills.

70. We hope to meet this deficiency thus :—

(a) By specie remittances from the Secretary of State to the extent of £13 million, including £1 million in transit at the end of the current year.

(b) By further investment, as circumstances require it, of £16 million (24 crores) against the Paper Currency Reserve—or, if account be taken of the unutilised balance of our existing powers, of £16·3 million, thus giving us the command of an equal amount of money here. I shall later on introduce a Bill giving us the necessary power in this respect.

(c) By drawing £5 million from our balances in India which, as I have already stated, are expected to stand at £16 million at the close of the current year.

(d) We also expect that we shall obtain repayment during the next year of the credits for £2·7 million which we are placing at the disposal of the Federal Reserve Bank of New York during the current year. But that sum will be required for payments of foreign money orders, as remittances by this source must be assumed to continue next year, though, we may hope, not on the same scale as this year.

On these calculations and allowing for some minor adjustments, we should have a closing balance in India of about £11.1 million, which is a good deal less than the normal closing balance (£12½ million) to which we usually look.

71. It will be observed that these calculations take no account of the Secretary of State's fresh Council drawings. We do not, of course, propose that these should be suspended—a measure which would produce very undesirable effects on Indian trade. On the contrary, we desire to meet Council drafts so far as we can, but the exposition I have given will show how difficult we shall find it to do this. All we can say at present, therefore, is that we shall endeavour to provide for Councils as far as our resources permit. We may, for example, be able to get more in the way of specie remittances than the figure mentioned above, and to the extent that acquisitions of specie will add to the proportion of metallic holdings in our Paper Currency Reserve, we may, as time goes on, be able to justify a further investment from this. Our loan transactions may give us more than it is at present safe to anticipate, and the same remark will apply, if the seasons are good, to our revenue receipts. But I have said enough, I think, to show how very uncertain is the position, and how absolutely necessary it is that we should conserve our resources as much as we possibly can.

(3) *England.*

72. Leaving out of account Council drawings, in regard to which, as I have said, we can make no definite provision at present, and allowing, for some recoveries from His Majesty's Government being still outstanding on 31st March 1918, the Secretary of State's resources for next year will consist of about £75 million in the shape of recoveries from His Majesty's Government for fresh and past war expenditure, and miscellaneous adjustments of an analogous character.

Against this he will have to make the following disbursements :—

	(In millions of pounds.)
Ordinary Home charges, including capital expenditure outlay	22.3
Payment to His Majesty's Government for proceeds of our new War loan	20.0
Investment on behalf of Paper Currency Reserve	16.3
Payment for silver remittances (a)	12.0
Discharge of India bonds and Railway debentures	3.1
TOTAL	73.7

There will thus be an increase in his closing balance, which is expected to stand at £9.3 million, as compared with £8 million with which the year opens. It is too early yet to contemplate definite utilisation of any portion of this balance by further special investment or otherwise.

Next year's borrowing.

73. I will conclude this portion of my speech with some further remarks as regards our borrowing next year. We propose, following this year's precedent, that the regular loan receipts, and those from cash certificates, shall all go to His Majesty's Government for the prosecution of the war in further redemption of our £100 million contribution. We thus assist ourselves also, since the payment to His Majesty's Government is made by adjustment with the Secretary of State in London, while we get the primary benefit of the sums received in India.

74. As I have already said, the War Loan of this year, including cash certificates brought us in nearly £35 million in India. Next year's loan will again have no limit of amount, and I shall rejoice if we get results approaching to those of this year. The success of the 1917 loan was largely due to the splendid efforts made by Heads of Provinces and Provincial and Local Committees, and the Government of India look with grateful confidence to a renewal of these efforts in respect of the fresh War loan of 1918. But in framing Budget estimates I must proceed cautiously,

(a) See foot-note ‡ against paragraph 43. In this case the figure here given represents the Secretary of State's current purchases: that shown in paragraph 70 (a) is our estimated receipts, including amounts purchased in 1917-18 but which will only reach us next year.

and take into account that the very fact of this year's effort having been such a large one militates against the expectation of an equal harvest next year. It has to be remembered too that we also count on raising £27 million by Treasury Bills. For the purposes of the Budget estimates therefore and our ways and means calculations, and after consultation with my expert advisers, official and non-official, I do not think it safe to put down for the present a larger amount than £20 million for next year's War Loan, including cash certificates. But I repeat that this is regarded as a minimum amount, and that no one will be better pleased than I (and I can speak with equal confidence, on behalf of Your Excellency and the Government) if this estimate should be very largely exceeded, and India's effort should once more show that she derides the cautious calculations of her financiers.

I would impress on the Council and the public that the raising of a large war loan here produces three very material advantages to India and the Empire. *First.*—It gives His Majesty's Government fresh money for the conduct of the war in lieu of a mere readjustment of previous war expenditure, and thus makes India's war contribution still more useful. *Second.*—It assists the Government of India in obtaining funds for the financing of war expenditure here to meet the needs of His Majesty's Government. *Third.*—India profits economically by her war contribution being raised by internal borrowing, the interest on which is disbursed in this country, instead of by adjustment which involves payment of interest on a portion of the British debt.

The raising of a further sum of £20 million by loan in this country will bring our total contribution by fresh borrowing to more than half of the full £100 million for which we have made ourselves liable; and to the extent that we may obtain more than £20 million this proportion will be correspondingly increased. I may add that in order to eliminate as far as possible competition with our efforts in this direction, we shall shortly place restrictions on issues of capital in this country, except in so far as these are required for enterprises of national importance at the present time. I shall before long introduce the legislation necessary to give effect to this decision.

75. Having regard to present money conditions and the fact that we are obtaining funds at present by the issue of Treasury Bills, we do not propose to start the new loan immediately and it would be premature at present to commit ourselves as to the date of issue and the form which the loan shall take. I may, however, provisionally indicate that, having regard to the relative amounts obtained this year on the long term loan and from the short term war bonds, we are at present disinclined to issue a further long term loan in 1918. I think, after consulting those who are entitled to speak with most weight on this matter, that we shall be more likely to obtain an adequate response by concentrating ourselves on short term bonds. We might, for example, put out once more the 3-year and 5-year bonds, which were so successful this year, and add a further category of bonds having a somewhat longer period. We contemplate that outstanding Treasury Bills shall be received on suitable terms in subscription to the new loan.

The cash certificates will, of course, continue on their present footing.

76. I need only at present add a few words on the subject of premium bonds, which to some people seem a desirable method of adding to the attraction of our loans. I may say at once that I have no puritanical scruples in this matter, and that if I thought that the issue of premium bonds would bring us in any large amount of money which we should otherwise not obtain, I would do my best to get them sanctioned. I have, however, found that the general opinion of financial and commercial authorities entitled to speak with weight on this subject is that we should not obtain this result. It would *primâ facie* be impossible for us to issue a loan at a very small rate of interest (having regard to present market conditions) with the bulk of the inducements in prizes: that would be a gambling transaction which the Government ought not to take up. As regards the alternative of issuing a loan at a fair flat rate of interest, though somewhat below what we should otherwise have to pay, with supplementary prize inducements, the general opinion is that it would not work. Having regard to the present price of money, banks and serious investors are not likely to be satisfied with less than the rate of interest we had to pay this year on the remote chance of getting a prize; while as regards those who like a flutter, the consensus of opinion is that they

prefer speculative share investments, which involve a considerable degree of real or imaginary skill and give them the constant stimulus of following the ups and downs of the market. These views receive corroboration from the fact that the recent premium bonds issue in Ceylon was a complete failure.

We have also the fact that the Committee which the Home Government appointed to consider the question of premium bonds advised that it was doubtful whether the additional funds thus obtainable would justify controversial legislation. That is our feeling also as regards India. The expedient would undoubtedly be resented by many on what they hold to be moral grounds, and I do not think that we should be justified in ignoring such scruples on a very problematic chance of making material sums which would not otherwise be obtainable. I cannot, therefore, advise that we should try this experiment.

Paper Currency and Gold Standard Reserves, and Exchange.

77. The following statement gives the total and active note circulation on the 1st February of each of the last five years, the active note circulation excluding the notes held in reserve treasuries and headquarter offices of the Presidency Banks :—

Year.	Total Circulation.	[In crores of rupees.] Active Circulation.
1914	63·9	51·9
1915	60·3	45·1
1916	62·4	54·1
1917	84·4	67·9
1918	104·8	82·1

It will be seen that the 1917 figures, which were at that time a heavy 'record', have now been far passed, thus affording further testimony to the confidence the people have in our note issues, and to the effect of the measures taken in recent years towards making our notes more easily cashable. For it is an easily understood paradox that the more you increase facilities for ready encashment of notes, the greater is the confidence in their value and the fewer the occasions on which they are actually presented for encashment. This expansion of circulation has been of material assistance to us in our ways and means difficulties by enabling increasing investment from the Paper Currency Reserve.

78. As the Council are aware, till lately our lowest denomination of notes was Rs. 5, but we have now made the experiment of issuing still smaller notes for Re. 1 and Rs. 2½ respectively. The former were issued on the 1st December 1917 and the latter on 2nd January last, and at the outset the issues in India were confined to the three Presidency cities; while in order to enhance confidence in the notes, we have given special facilities for their encashment at local post offices. The results so far have been very satisfactory, the total issues having reached a value of R45 lakhs, and the encashments of R11 lakhs only, leaving a margin of R34 lakhs worth of these small notes actually in circulation. The success of the experiment has already warranted its extension to some of the other large cities.

It should be understood that though the area of issue is as yet limited, the Re. 1 and Rs. 2½ notes are received anywhere in payment of Government dues, and are encashable at all currency offices and treasuries in the same way as our other universal notes.

We have also sent about R4 lakhs worth of these notes to Mesopotamia, where the people are accustomed to minute paper currency. We are likewise, at the request of His Majesty's Government, sending about £500,000 worth to East Africa.

79. As regards the metallic portion of our Currency Reserve, on the 31st March last we held about £8 million of gold here and about £4½ million in England, or in all £12½ million. The figures now stand at £19 million and £½ million respectively, or in all £19½ million. I shall speak presently of the main transactions that have led to this result,

As regards silver, our holdings in the Paper Currency Reserve, including bullion under coinage, amounted on 31st March last to about 19 crores (or nearly £13 million). They at present stand at about 13½ crores (£9 million).

80. The increase in our gold and silver holdings together in spite of a further investment from the Paper Currency Reserve thus amounts to about £3 million. This has of course been made possible by the increase in our currency note circulation, the total of which now stands at 105 crores (£70 million) against 86 crores (about £57 million) at the beginning of the year.

At the beginning of the year we had invested about 56 per cent. of our holdings against total note issues. The present percentage is still about the same figure, with the advantage that nearly all our gold is now held in India; and this enables us to contemplate the further investment indicated in paragraph 70 above.

81. In paragraph 34 of my speech introducing the last Financial Statement I explained that, with the object of relieving the strain on silver and of reducing the premium on gold, we had started selling a portion of the raw gold held at Bombay on behalf of the Bank of England, the gold bullion thus taken over by us being paid for by sovereigns from our Reserve in London. These sales were continued between 18th January and 26th April last, during which period we disposed of over £4 million of bullion. They were then discontinued because a transfer of gold to India from Australia and New Zealand, in exchange for our London holdings of gold, made it necessary for us to reserve those holdings for that purpose. The effect of these sales upon the silver position can only be vaguely estimated. Enquiries showed, however, that most of the gold which was sold found its way up-country and must have resulted in drawing into circulation a certain amount of rupees which those who ultimately acquired the gold would not otherwise have parted with.

82. Last April, again, in view of our then depleted stock of rupees we found it necessary to issue sovereigns in the hope of relieving the strain on our silver balances. The absorption of rupees in that month was over £4 million, and on 7th May our holding of silver in the Paper Currency Reserve amounted to about 13 crores only, which was the lowest point touched for over 10 years. What may be called the relief-issue of sovereigns, which continued till the end of August, amounted to about £5 million, the bulk being absorbed in the Punjab where they were utilised in the purchase of wheat. By that time our silver position had improved, and in accordance with our general policy of retaining our gold holdings as our second line of reserve, the necessity for further issues of gold thus disappeared. We have lately, however, had to recommence the issue of sovereigns with reference to a renewed depletion of our silver stocks.

83. Since June last we have been acquiring private imports of gold under the Gold Import Act, the provisions of which I explained in this Council on the 26th September 1917, and thereby raised our gold holdings by about £12 million. As I have already explained (paragraph 6) most of this gold has come to us from America and Japan. The gold so acquired was passed into the Paper Currency Reserve, an equivalent amount of notes being issued to the importers from whom it was obtained.

An analogous transaction, which has also had the effect of strengthening our gold holdings, is the arrangement recently arrived at between His Majesty's Government, Japan and ourselves under which, by the end of the current year, we shall have received £2 million of the Bank of England's gold held in Bombay. This amount is placed in the Paper Currency Reserve, and we issue against it an equivalent amount of notes to the nominees of the Japanese Government.

84. As the Council is aware, we have, besides taking over all private imports of gold, forbidden, since July last, the import and export of silver into or from India except on Government account. In respect of imports the object is to avoid private competition with the Secretary of State's purchases, and also to preclude private imports of this metal being used to obtain Indian money for the financing of exports not of primary war importance: as regards exports to conserve the stock of silver already in the country. We have, with a like object, forbidden the melting of rupees and sovereigns.

85. The Council is also aware that we have obtained permission from the Home Government to coin sovereigns in India, and although the establishment of a Gold Mint in Bombay for this purpose which will work as a branch of the Royal Mint in

London, has been delayed owing to the necessity of satisfying conditions laid down by the Home Treasury, the construction of our Mint is now in hand, and we hope that it will be issuing sovereigns by May. Its operations will extend in the first instance to the coinage of foreign coins and refined gold, but arrangements have been made to enable it to take up the coinage of unrefined gold also. In the meantime we have got coinage done for us in Australia, in pursuance of the arrangements I explained to the Council in my speech on 5th September last introducing the Paper Currency Amendment Bill, which subsequently passed into law as Act XIX of 1917, and we are now entitled to treat as part of our Currency Reserve gold held on our account in any part of His Majesty's Dominions, or in transit therefrom.

86. As regards silver prices, these stood at an average of nearly 37*d* per ounce in April, and had risen to an average of nearly 51*d* in September, the high watermark of 55 being reached towards the end of that month. This latter figure, which was largely due to speculation, was however not long maintained. In October the average price had fallen to 44*d* and in November to 43, at which level it has practically stood since.

The increase in silver prices led to alteration in the price at which the Secretary of State sells his Councils. I have dealt with this matter already, and need only refer briefly here to what I said in the Legislative Council on the 24th September in answer to a question by the Hon'ble Mr. Hogg, when, under the authority of the Secretary of State, I explained the conditions by which he is guided in fixing his Council rates. These rates are being, and will continue to be, based roughly on the price at which he is able to buy silver. He cannot be expected to sell rupees at appreciably less than their actual cost, but he intends to apply this principle with considerable latitude so as to avoid changes as far as possible. Once again I must emphasise that the measures adopted to meet an abnormal increase in the price of silver, caused in their turn by the special circumstances of the war, must in no way be considered as implying the abandonment of the policy of a fixed and stable exchange; that by selling his Councils at fixed rates the Secretary of State did all he could to keep exchange stable; that he only raised those rates in August last when the bullion price of the rupee made this necessary; and that the rise in external exchange has not in any way affected the internal parity of rupees and sovereigns, which remains at the standard rate of 15 to 1.

87. The following statement shows the holdings in the Gold Standard Reserve on the 1st April last, at the date of the last published statement, and as we expect them to stand on the 31st March.

[In thousands of pounds.]

	Book credit in India.	Gold held in India.	Cash placed by the Secre- tary of State for India in Council at short notice.	Invested in London.	Total.
1st April 1917 . . .	181	103	6,001	25,406*	31,691
31st January 1918 . . .	...	...	6,019	27,798†	33,817
As estimated on 31st March 1918.	...	...	6,000	28,316†	34,316

The increase in the total holding is due in part to the fresh rupee coinage we have had to undertake from silver purchased in the earlier months of the year; and the interest on previous investments is, as usual, added to the assets of the Fund.

The average rate of exchange in the current year calculated on the Secretary of State's drawings, will amount to 16·55 pence per rupee against 16·15 pence in 1916-17.

* This represents the value of the securities as on the 31st March 1917.

† This represents the value as on 30th September 1917 (the date of the last valuation) of the securities then held and the cost price of securities purchased since that date.

REMARKS ON CERTAIN SPECIAL HEADS.**A.—Military Services.**

88. The table below shows the gross and net expenditure on military services for the coming year and the four years preceding :—

	GROSS.					Net, i.e., deducting receipts.
	Army.	Marine.	Military Works.	Special Defences.	Total.	
	£	£	£	£	£	£
1914-15 . . .	20,336,559	463,370	996,071	13,603	21,809,603	20,434,915
1915-16 . . .	21,893,200	745,513	850,866	13,514	23,503,093	22,261,353
1916-17 . . .	24,260,003	693,680	1,594,538	18,536	26,566,757	24,990,811
1917-18 (Budget) .	25,215,900	838,500	1,158,700	14,000	27,227,100	25,900,000
1917-18 (Revised) .	27,665,400	736,600	1,872,300	10,400	30,284,700	28,782,500
1918-19 (Budget) .	27,790,900	960,300	1,781,500	... *	30,532,700	29,000,000

89. I have already indicated in paragraph 15 the more important causes contributing to the increase in the Revised Estimate for 1917-18 as compared with the Budget. These account for about £3·2 million, and other minor factors for a further increase of about £0·8 million. On the other hand, there have been some savings, the most important of which are the lapse in the Home provision for construction of vessels for the Royal Indian Marine and credit for a dredger taken over by the War Office, amounting together to £157,000 ; reduction in food charges ; and reduction in the non-effective charges in India and England. The reserve of about £700,000 included in the current year's Budget to meet unforeseen expenditure must also of course be set off against the increase in specific expenditure to which I have referred.

90. The receipts have risen by £175,000, which is mainly accounted for by large sales of dairy produce to overseas forces, war hospitals, etc., and by the recovery of departmental charges on stores supplied by the Indian Munitions Board.

91. The Budget provision for next year has been fixed at £29 million. I have already (paragraph 61) explained the need for this large provision. It includes a reserve of £1,677,000 to meet charges which we cannot yet specifically foresee, but which, as the experience of preceding war years shows, are likely to come upon us in one way or another.

The head 'Special Defences' has been abolished with effect from 1st April 1918, and any remaining transactions will be adjusted under the head 'Military Works'.

92. The total cash contributions from Indian Princes and others towards the cost of the war received this year amount to £428,000. His Excellency the Commander-in-Chief has also continued to receive considerable sums for the provision of motor ambulances and the like and the supply of comforts to the troops at the front.

93. The gross amount contributed from Indian revenues on account of the normal pay and charges of the military forces despatched out of India up to the end of 1917-18 may be taken at £28 million. Against this, however, must be set the cost of maintaining substituted British troops (Territorial and Garrison battalions) actually serving in India, which is borne by His Majesty's Government under the Resolution of the Houses of Parliament referred to in paragraph 39 of my last year's speech. Taking this into account, our total net contribution towards the cost of the war

* Closed as a separate sub-head—see paragraph 91.

in respect of the Expeditionary Forces is about £15 $\frac{3}{4}$ million to the end of the current year, to which another £4 $\frac{3}{4}$ million should be added in respect of 1918-19. And outside these adjustments, and taking our normal net military expenditure, on the basis of the 1913-14 figures (£19·9 million), at £20 million, we have had to incur an additional outlay, due almost entirely to the war, amounting to £16 $\frac{1}{2}$ million up to the end of the current year, and £25 $\frac{1}{2}$ million including the estimated expenditure for 1918-19.

B.—Expenditure from special grants for education, sanitation, etc., and financial position of Local Governments.

94. I give below a table similar to that in paragraph 111 of my speech last year, showing special grants made for these purposes from 1911-12 onwards and the extent to which they have been utilised.

(In thousands of pounds.)

	Total grants given (1911-12 to 1918-19).		Total expenditure (1911-12 to 1918-19).	Balance expected to be available on 1st April 1919.
	Recurring.	Non-recurring.	*Non-recurring.	
(1) Education	1,146	3,290	2,436	854
(2) Sanitation	245	1,765	1,217	548
(3) Medical relief, etc. . . . .	...	58	58	...
(4) Agriculture, etc. . . . .	...	332	295	37
(5) Grants for other special purposes . . . . .	...	1,556(a)	1,497	59
(6) Grants for general purposes (Discretionary grants). . . . .	...	667	407	260
TOTAL	1,391	7,668	5,910	1,758
Add—Savings on recurring grants during foregoing period about				883
Total amount expected to be available from special grants on the 1st April 1919				2,641

In view of war conditions, we have again had to ask Local Governments to restrict drawings on their balances, which include the unspent remainder of these special grants. But any outlay thus postponed is merely deferred till normal times return.

95. I have already reviewed in bulk the estimated Provincial receipts and expenditure for the current and the coming years. The total Provincial balances stood at £9·9 million on 1st April 1917 and are expected to amount to £12·1 million on 31st March 1919, the increase being due to excess of current revenue over expenditure in the present year. It will thus be seen that the provinces will have large scope for special beneficent expenditure when the war conditions which necessitate the conservation of their balances have passed away.

Moreover, we have under consideration, for application after the war is over and in connection with the scheme of Constitutional Reforms, a material advance in the direction of separating Imperial and Provincial finance, which will give the provinces larger and more independent resources, with further powers of supplementing these by taxation when such may be found necessary.

96. As I explained in connection with the Budget for the current year, we have taken steps to give the provinces more powers in the matter of specific items of expenditure, and we have under consideration, in connection with the scheme I have mentioned, the question of adding to these powers still further.

* Non-recurring figures only are given as the recurring grants are treated as having been fully worked up to, any savings obtained from those grants in particular years being added at the foot of the statement.

(a) Decrease as compared with last year's figures due to the Revised Estimate figure for the current year being less than the Budget forecast.

C.—Railways (Capital Outlay).

97. The following statement gives the figures of Railway capital expenditure, on State-owned lines included within the Railway programme, for the coming year and the four years preceding :—

	1914-15.	1915-16.	1916-17.	1917-18, Revised.	1918-19, Budget.
	£	£	£	£	£
Open Lines including rolling stock .	10,534,300	3,864,200	1,236,500	2,364,300	3,667,900
Lines under construction —					
(a) Started in previous years .	898,800	627,100	245,700	27,700	534,400
(b) Started in current year .	...	...	496,500	757,700	...
Total .	11,433,100	4,491,300	1,978,700	3,149,700	4,202,300

98. The Revised Estimate for 1916-17 provided for a total outlay of about £1½ million as against a Budget allotment of £3 million. The actuals however come to nearly £2 million, as it was found possible, in the closing weeks of the year, to lay out more money than had previously been thought feasible.

In the current year we provided £3·6 million, but are not able to work fully up to this owing to the extreme difficulty of obtaining materials from England. Next year we provide £4·2 million, which represents the limit of what can be expended having regard to the present special conditions.

99. As was the case this year, it has not been possible to provide for the construction of any new lines, and our construction expenditure is almost entirely restricted to the completion of certain projects of military importance which were commenced during the current year.

We propose to spend £3½ million on open line capital works and equipment. A large proportion of this expenditure will be devoted to rolling stock, and the remainder to works of open line improvement necessitated by a heavy and increasing traffic.

100. The difficulties attendant on the raising of capital in the open market which I referred to last year still continue, with the result that new construction by Branch Line companies has now been altogether suspended, and work on certain projects already sanctioned, such as the Tinnevely-Tiruchendur and Trichinopoly-Pudukottai lines, has had to be deferred.

The policy of proceeding as far as possible, *i.e.*, up to a stage short of actual flotation, with negotiations for the promotion of Branch Line companies after the war is being continued, and steps have also been taken to carry out surveys of new lines with a view to such projects being undertaken as soon as possible after the return of normal conditions.

101. The following figures show the capital outlay on all State lines up to the end of each year from 1914-15, and the net return obtained after deducting working expenses and interest charges :—

[Capital and profit figures in thousands of pounds]

	1914-15.	1915-16.	1916-17.	1917-18, Revised.	1918-19, Budget.
Capital at charge at end of each year .	361,560	364,858	365,483	367,310	370,114
Working profit from railways excluding interest charges.	15,614	17,797	21,148	23,959	22,924
Percentage of same to capital outlay .	4·32	4·88	5·79	6·52	6·19
Final working profit after meeting interest charges.	2,158	4,075	7,482	10,175	9,202
Percentage of same to capital outlay .	·60	1·12	2·05	2·77	2·49

102. The return on railway capital (excluding interest charges) was estimated in the current year's Budget at 5·47 per cent. We now estimate it at 6·52 in consequence of the large increase in net railway earnings which I have already dealt with in my review of the Revised Estimate. For next year we put it at 6·19 consequent on the smaller estimate of net earnings arrived at in the Budget.

The charges for interest in the current and ensuing years work out to 3·75 and 3·70 per cent. respectively on the capital outlay, so that the final net profit on railways is about $2\frac{3}{4}$ and $2\frac{1}{2}$ per cent, respectively. These interest charges include certain annuity and sinking fund payments which really go to the discharge of debt.

D.—Irrigation (Capital outlay).

103. The financial position of our great irrigation undertakings may be gathered from the following table which brings up to date the information given in connection with previous Financial Statements. The figures are in thousands of pounds :—

Particulars.	1914-15.	1915-16.	1916-17.	1917-18 (Revised).	1918-19 (Budget).
1	2	3	4	5	6
<i>Productive Works.</i>					
Capital outlay to end of each year .	35,777	36,603	37,120	37,630	38,104
Total receipts, including land revenue due to irrigation.	4,325	4,394	4,733	4,764	4,897
Total expenses, including interest on debt.	2,452	2,549	2,488	2,556	2,624
Net profit	1,873	1,845	2,245	2,208	2,273
Percentage of net profit to capital outlay.	5·24	5·04	6·05	5·87	5·97
<i>Protective Works.</i>					
Capital outlay to end of each year .	5,345	5,853	6,166	6,513	6,897
Total receipts, including land revenue due to irrigation.	101	118	105	111	116
Total expenses, including interest on debt.	247	277	276	303	314
Net loss	146	159	171	192	198
Percentage of net loss to capital outlay .	2·73	2·72	2·77	2·95	2·87
<i>Minor Works and Navigation.</i>					
Direct receipts	254	267	317	313	306
Expenditure	986	869	781	878	983
Net loss	732	602	464	565	677

104. The total length of main and branch canals and distributaries which had been constructed on irrigation works of all classes up to the end of the year 1916-17 amounted to 65,000 miles, and it is expected that this will have been increased by nearly 600 miles by the close of the present financial year. These channels command an area of about 52 million acres of culturable land, of which more than half was irrigated in 1916-17. It is estimated that some 25 million acres, or about a million acres less than last year, will be irrigated in the current year, the decrease being due to the copious monsoon, which diminished the demands on artificial irrigation.

105. In addition to the works actually in operation, 34 major works are either under construction, awaiting sanction or being examined by the professional advisers of Government. These are designed to command an additional culturable area of approximately 27 million acres, of which it is estimated that $11\frac{1}{2}$ millions will be irrigated annually, the capital cost involved being about £33 million.

106. Owing to the present financial stringency no new irrigation works of any magnitude were sanctioned during the current year. The investigation of several large projects was, however, continued, the most important being those relating to the Sukkur barrage on the Indus (Sind), the Sind Sagar Doab Canal (Punjab) and the Bhakra dam on the Sutlej (Punjab).

107. The Triple Canal project in the Punjab was declared complete on the 31st March 1917. It is anticipated that there will be a saving on the revised estimate of this work, amounting to about £690,000, and at the beginning of 1917 over a million acres had already been irrigated from these canals.

108. Development of important protective works in the Bombay Deccan continues to be hampered by difficulties in connection with the war, but good progress has been made on the Bhandardarra and Bhatgarh dams, as also on the Nira Right Bank canal.

Work on the Upper Swat canal in the North-West Frontier Province is practically complete, and the construction estimate will be closed on the 31st March 1918. The Tandula canal in the Central Provinces is also rapidly approaching completion.

109. In my speech of last year I referred to a project for the utilization of a portion of the water of the Sarda river in the United Provinces. The Local Government has recently sent up a comprehensive scheme for the utilization of the whole supply of the river in extensions of irrigation in Rohilkhand and Oudh. The estimated direct cost of the necessary works is over £5 million, and it is anticipated that the project would add more than 2 million acres to the irrigated area of the province.

E.—Delhi Expenditure (Capital outlay).

110. The expenditure during the current year under Head 51 is expected to amount to about £250,000 (Rs. 37 lakhs) as compared with a budget provision of £267,000 (Rs. 40 lakhs). The reduction is due to credits received for sale or transfer of materials to heads other than 51.

During the current year the aim has been to confine operations to such work on the central buildings and other features of the New City as can be carried out without the use of materials the price of which has been seriously affected by the war. A moderate rate of progress has been maintained in the case of Government House, the Secretariat buildings, the Viceroy's Court, and the great Place. Work has been put in hand on the construction of the Central Vista and on the erection of residential quarters for Indian clerks. A start has also been made on such portions of the storm water drainage scheme as do not involve the use of imported material. The larger schemes of sanitation, water supply, electric lighting and irrigation, which require the use of imported materials, have been left untouched. Considerable addition has been made to the stock of materials and tree planting operations on the roads have been pushed on.

It is expected that £267,000 (Rs. 40 lakhs) will be needed to carry on work on similar lines in 1918-19.

Retrospect and Conclusion.

111. This is the last Financial Statement which I shall have the honour to present to the Council. My tenure of office as Finance Member is drawing to its end, and it has been a particularly difficult and arduous one. When I took up my post I hoped that I might share the good fortune which my distinguished predecessor enjoyed in such ample measure. But *dis aliter visum*: in my first year I was beset with troubles arising out of the bank failures in 1913 in Northern India and an unsatisfactory monsoon; soon after that the war came upon us; and since then I have had to face a constant succession of difficult and abnormal circumstances.

I propose now to give a short summary of the most important events which have marked my term of office, for I think it is useful to have a retrospect of this sort, as showing us more clearly how we stand, not merely from year to year but taking a backward glance over the past.

112. I must ask the indulgence of the Council if, in this presentation of some of the events of the years during which I have had the honour of administering the finances of India, I permit myself to touch a personal note. When

in July 1913 I took up the post which I shall ere long relinquish, I envisaged various problems the solution of which I hoped to be able to advance during my tenure of office. Like almost all financial problems they were closely inter-related, and progress in any one direction was bound to react on the general situation as a whole and facilitate the solution of the remainder.

The first of these questions arose out of the periodical money stringency which is a characteristic of the busy trade months of the year. The problem is a complex one, and not capable of solution by the application of any single method. But it can be materially influenced by the more liberal release of Government funds at the busy time of the year so that these may then be available for trade. In presenting my first Budget, after a few months' tenure of office, I was able to inform the Council that we had secured the assent of the Secretary of State to a policy of making loans from our balances to the Presidency Banks during the busy seasons. As I then explained, it can only be through the agency of these Central banking institutions that Government can hope to secure an effective and wise application of such resources as they can make available at times of stringency. By continued action in this direction, as also by the creation and maintenance of more intimate relations with these leading institutions, it was my hope that it might be possible to help in the further development of the trade and commerce of the country.

A second set of questions was connected with our currency note system. The expansion of our note circulation, satisfactory as it was, was still impeded by certain restrictions. Apart from any other consideration, it was in any case imperative in a country like India, where the cheque is not likely for many years to attain any large vogue up-country, to encourage the use of the currency note as a medium of exchange.

Thirdly, as I indicated in connection with my first Budget, I recognised that if, as I hoped, my tenure of office as Finance Member was to see a vigorous programme of capital expenditure on Railways and Irrigation, a courageous policy of borrowing in India was indispensable. It was clear that the traditional method of relying solely on a handful of wealthy investors or on the established banking institutions would no longer suffice; that it must give way to a policy which would establish a direct *nexus* between the State and the small investor; and that the attraction to fructifying purposes of the small savings of small people must form one of the objects to which our efforts should be bent.

113. Let me now endeavour to indicate briefly how far these hopes have been realised, and how far the events of the last three and a half years of war have assisted or impeded their realisation, or have compelled their modification or postponement.

I am able to record with satisfaction the measure of success which has attended my efforts to demonstrate the readiness of Government to secure, by a more liberal utilisation of its funds, relief to commercial and financial interests in times of stringency. It has been my consistent policy to give proof of this desire by making temporary loans (as has been done on occasion) to the Presidency Banks; by leaving in deposit with them, till actually required by us, the proceeds of our public loans; by avoiding as much as possible the lock-up of funds in our reserve treasuries; and by the maintenance with the Presidency Banks of balances at all times considerably, and at certain periods far, in excess of the standards previously observed. It is largely owing to action of this character that it has been possible to secure the money market against the strain to which our war finance must otherwise have exposed it, and in particular to raise the large sums we have recently obtained by way of loan without materially inconveniencing the market. A striking feature of our financial operations in the last year has been the way in which money has tended to return to the larger trade centres, in other words the extent to which there has been an increase in the supplies of floating capital in these centres. It would be premature to attempt to analyse the causes of this change in Indian money market conditions, but I think it can reasonably be hoped that this change has come to stay, and that one result will be that it will tend to eliminate to some extent the excessive seasonal stringency which has been in the past a characteristic of our money market during certain months of the year.

114. It also justifies the hope that greater dependence may hereafter be placed on the Indian money market for the raising of the funds necessary for the develop-

ment of our railway and irrigation works, and it will likewise pave the way for the solution of the somewhat kindred question of the greater development of banking throughout the country. Let me here gratefully record my acknowledgment of the response which the Presidency Banks have extended to my desire to see the establishment of cordial and close relations between Government and them as representatives of the financial interests of the country. I have always looked on their Secretaries as non-official comrades, to be freely consulted in respect of loans and other matters affecting the money market, and I have met with ready and very valuable response in such cases.

115. An even greater degree of success than I dared hope has attended our efforts to secure the expansion of our currency note system. In the early months of the war, as the Council will recollect, the general dislocation of trade and finance brought about a temporary, though successfully met, run on our notes, while the restoration of confidence which followed on free and unrestricted payments in silver, pointed to the general soundness of our system and to the possibility of its further expansion by increases in the facilities for encashment. Accordingly, as I explained in my speech introducing the Financial Statement for 1916-17 (paragraphs 108-109), we proceeded with measures to secure the widest facilities for the exchange of silver against notes, not merely, as the law requires, at special currency centres, but at all district treasuries; while we also made arrangements with the Presidency Banks for the issue and prompt encashment of notes at a number of their branches.

The results of these measures have been most gratifying, not only because they have made our currency notes more popular, but because they have enabled us to rely with greater boldness on this portion of our financial system to meet the added and continually growing demands on Government funds for the carrying on of the war and of our trade. Taking the figures as on 1st February, our gross circulation has increased, in round figures, from £42½ million in 1914 to £70 million in 1918; while the active circulation *i.e.*, that portion of the note circulation which is held outside the reserve treasuries and the head offices of the Presidency banks, has grown between the same dates from £34½ million to £54¾ million.

We have now initiated the experiment of issuing small notes for Rs. 2½ and Re. 1 which, as I have already said, promise to prove a material success. The popularity of these notes will, I trust, increase as time goes on.

116. The metallic portion of our Paper Currency Reserve represented on the 1st February nearly 53 per cent. of the active circulation, which compares with a 96 per cent. proportion on the same date in 1914. This evidences the fact that we have, under the stress of war finance, travelled far beyond the recommendations of the Chamberlain Commission in regard to the composition of the Reserve. The total invested portion now stands at £41 million as compared with £9·3 million in 1914, and we contemplate, as I have already explained, a further increase to £57 million. With the return of normal conditions, the permanent composition of the Reserve will need to be considered with reference to the recommendations of the Commission; for the investments in British Government Treasury Bills made in recent times are only as a temporary war measure. Meanwhile, as regards the pre-war holding of consols in the Paper Currency Reserve, we have provided by the establishment of a depreciation fund against loss in present value as compared with their purchase price.

117. Equally gratifying are the results which have attended our efforts in relying on the Indian market for our capital borrowings. In 1913-14, allowing for repayment of maturing obligations and including the borrowing transactions of railway companies managing State owned lines, we raised in all £4·7 million, of which £2·8 million were borrowed in England. In the current year, as in 1916-17, we have kept completely out of the London market. Indeed, we have gone further. We have this year discharged £2 million of previous sterling debt, while the sum total of our net Indian borrowings has reached what would have been in normal times a great figure for any country, and is a gigantic one for us, *viz.*, £65 million. I readily recognise that the borrowings of the current year have been abnormal, and specially stimulated by the patriotic consideration that—except as regards Treasury Bills, which are a new feature in Indian finance—the proceeds were to be handed over to His Majesty's Government for war purposes. It is also the case that the large and constant war disbursements by Government during the last two years have facilitated our borrowing

operations. But even making allowances for these special features, there is a most striking contrast between the borrowings of 1917-18 and those of 1913-14. And if we take the figures for a wider period—for the four years ending 1913-14 as compared with those for the four years ending 1917-18—and omit from the latter our short-term Treasury Bills, the contrast is still very marked. In the first period our net borrowings were £4·8 million in England and £5·9 million in India—in all £10·7 million. The second period gives a total of £49 million, of which all but £3 million have been raised in India.

Next year again, as I have already informed the Council, we hope to draw on the Indian loan market to the extent of at least £47 million in respect of our war borrowing and fresh Treasury Bills, the latter representing the discharge value of the bills outstanding at end of 1917-18.

118. We have further opened up new borrowing sources, and I refer here specially to the postal sections of the last three loans and to the cash certificates. The former method of utilising the Post Office to get into touch with the small investor was introduced for the first time in 1915-16 when it gave us £ $\frac{1}{2}$ million; while in 1916-17 it yielded a little less. But this year the postal section of the War Loan produced nearly £3 million, a larger sum than we raised by ordinary methods in any year between 1907-08 and 1913-14; while the cash certificates will have given us in this first year of their issue about £6 $\frac{1}{2}$ million (gross), a result exceeding those of any of our public loans before the present year. In all, in the three years since we started borrowing through the Post Office, we have been able, through this innovation, to attract funds to the extent of over £10 million, the bulk of which is new money which would not otherwise have found its way into the Government loan chest and has to a considerable extent been drawn from hoards and current savings. I should like in this connection to express to Sir William Maxwell and his Post Office staff my warm appreciation of the zeal and success with which they have co-operated with the Finance Department in the working of these new schemes.

119. Some portion of the funds thus obtained no doubt represents money which has been deflected from the ordinary postal savings bank deposits, and in so far as this cause accounts for the decrease in these latter deposits as compared with the pre-war figures, there is no need to regret diversion to a more permanent form of investment. Post Office deposits, it will be remembered, suffered considerably from the dislocation caused by the outbreak of the war, and though the ground lost has not yet been fully recovered, the present figure (£10·4 million) is already somewhat in excess of the amount at the close of 1914-15. This result has been facilitated by an increase in the permissible limit of individual depositors' holdings which was introduced in the first year of my tenure of my office.

120. In reviewing the events of the last four years, I have unfortunately to record a decrease in the provision for capital expenditure. In 1913-14 this provision was £14 million: in the year which is coming to a close we expect to spend less than a third of that amount, namely, £3·9 million. Irrigation capital outlay has dropped from £1·3 million to £ $\frac{1}{2}$ million, owing to the completion of large projects, such as the Triple Canal scheme in the Punjab, and to the fact that further projects involving heavy outlay are not yet ready for execution. Under Railways the provision for capital outlay has fallen from £12·3 million in 1913-14, the highest figure yet touched, to £3·1 million in the current year and £4·2 million in the Budget for 1918-19. This is, of course, a consequence of the great struggle in which the Empire is now engaged. The war imposes on us the necessity for conservation of our resources, and it also precludes us, even if we had the funds, from obtaining the material we should require for a large railway programme. I have always regarded these necessities with profound regret. In connection with the Budget for 1914-15 I explained the efforts we had then made to keep the railway programme up to a standard of £12 million, and I had hoped that if times had remained peaceful and prosperous we should be able during my tenure of office to go beyond that figure; but here again Fate has willed otherwise. One of the main problems which will face my successor when peace returns will be consideration of the way to find money for making up the necessary lee-way under railways, more especially in view of the strain to which our present equipment has been exposed by the heavy traffic demands, and the impossibilities of regular and

thorough renewal of lines and rolling stock. So far as it has been in my power I have endeavoured to assist in the solution of this problem. The special investment of £20 million in Home Treasury Bills, to which I have referred in paragraph 34, has been made largely with a view to this contingency, so that it may provide a means of meeting the liabilities which will in one way or another come upon us after the war is over.

121. I will now make a few remarks on the various financial problems which have beset us during the last $3\frac{1}{2}$ years. Briefly, the history of our war finance may be divided into two periods. The first period was marked, in India as elsewhere, by a general dislocation of trade and finance. We experienced a serious run on our savings bank deposits, and some panic encashment of our currency notes. There was a considerable demand for the remittance of money to London, and sterling drafts on London to the extent of £8 $\frac{3}{4}$ million had to be sold between August 1914 and January 1915 to maintain the exchange value of the rupee. This temporary want of confidence soon passed away, though it left as a legacy £14 million of temporary debt which we had to raise to meet our current requirements, *viz.*, £7 million from the Gold Standard Reserve, and £7 million raised by the Secretary of State in India Bills in lieu of a permanent loan of £4 $\frac{1}{2}$ million which he had contemplated when the Budget for 1914-15 was framed. But it was not until the autumn of 1915, that is to say when rather more than a year had elapsed since the outbreak of the war, that the tide set in which was to bring with it entirely different, and by reason of their novelty peculiarly difficult, problems.

122. The first period, then, was one calling for the consolidation and conservation of our resources. With a serious decline in the values of and demand for our leading exports, with prices of foodstuffs at an abnormally high level, with trade in a state of general depression, and with public confidence only lately recovered from the first shock of the war, prudence clearly dictated postponement of additional taxation in spite of a considerable temporary deficit. Meanwhile we did what we could in the form of indirect assistance to the mother country. During 1915-16 we reduced our net Home borrowings for capital expenditure from an estimated sum of £5 $\frac{1}{2}$ million to about £2 million, and we also paid off £3 million of our borrowings from the Gold Standard Reserve. The object which we set before ourselves during the first period of our war finance was to abstain as far as possible from drawing on the resources of the London market, and to make provision, by the curtailment of expenditure in this country, to meet possible military contingencies.

123. By the autumn of 1915, the effects of the dislocation which set in on the outbreak of the war had passed away. A considerable demand made itself felt, mainly as a result of war conditions, for the products of this country, and the export trade, which had been seriously curtailed, began to show a marked and growing revival. The circumstances attending this restoration of active trade conditions rendered possible not only a continuance of the policy of abstaining from borrowing in London, but also the imposition of additional taxation in India. Accordingly we proceeded to strengthen our position by a programme of taxation, introduced in the Budget of 1916-17, which included the revision of our import tariff, save as regards the important item of piecegoods; the imposition of new duties on the exports of jute and tea; a small addition to the salt tax; and the enhancement and graduation of the income tax. And as a logical sequence of the last mentioned measure, the Council has now before it a Bill for the material improvement of our Income Tax machinery. We abstained from any fresh borrowing in England and paid off the £7 million of India Bills referred to above (paragraph 121) as well as some India Bonds which fell due for redemption in the ordinary course. We also cleared off the £4 million which we still owed to the Gold Standard Reserve.

124. We had now cleared the decks for further action, and in 1917-18 we felt able to take the step, which we had always hoped we might be in a position to take, of making a direct pecuniary contribution by India towards the prosecution of the war. As I have said, we had now discharged the temporary debt liabilities which we had been compelled to undertake by the dislocation of our finances caused by the war. The additional taxation imposed in the previous year had materially added to the strength of our finances, while the insistent demand for

exports from this country made it clear that we need not anticipate the prejudicial effect on exchange which would otherwise have been caused by borrowing a large amount in this country for the purpose of remittances to London. We were thus able, with general approval, to offer a special capital contribution of £100 million to His Majesty's Government towards the expenses of the war, and to meet the recurring charges which this offer entailed by the imposition of additional taxation estimated to produce at the outset £3½ million, the balance being provided by the surplus revenue which was accruing to us through the taxation of 1916-17. The new taxation took the form of :—

- (a) A super-tax on incomes.
- (b) An increase in the export tax on jute.
- (c) A small surcharge on railway goods traffic.
- (d) Raising of the import duty on cotton piecegoods to the general tariff rate, while maintaining at the lower previous level the excise duty on local cotton manufactures.

This last measure had the effect of removing, at any rate in large part, a grievance which had been felt for many years in India.

125. These new sources of revenue account in considerable measure for the fact that our Imperial revenue receipts in the current year are about £22 million more than in 1913-14. Of this increase about £9½ million is due to the additional taxation of the last two years, and of the remaining £12½ million about two-fifths is accounted for by increase in net profits on Railways, which have grown from about £4¼ million in 1913-14 to £10 million in 1917-18. Concomitantly with this increase in our revenue, we have, of course, to record an increase in Imperial expenditure, which is now £19 million higher than the figure for 1913-14. £9 million of this accrues under Military charges and is almost entirely due to the war, and £6 million represents the interest and sinking fund charges in respect of our war contribution of £100 million to His Majesty's Government. There is also an increase of over £1 million under Political charges, due to the war, including special expenditure in Persia and the cost of militia employed on the North-West frontier. Put in other words, a growth of £16 million in what may be called war charges has been met to the extent of £9½ million by taxation, while the balance has been found from other expansion of revenue.

126. This brief review of our war finance would be incomplete without reference to the magnitude and difficulty of our ways and means operations in the last two years. I have, however, dealt at some length with this matter in an earlier portion of my speech, and I need only now cite certain salient figures which will show how heavy this burden has been. War expenditure for His Majesty's Government and analogous items have involved us in a net outlay in India of £128 million during the last 3½ years. At the same time, we have had to meet heavy Council drawings representing the demand of trade for fresh funds in this country. These increased from £20 million in 1915-16 to £33 million in 1916-17, and will this year amount to about £35 million.

Repayment in respect of these transactions has been in England, and to find the requisite funds for our disbursements here has been a matter of great and growing difficulty and anxiety. A large portion of the sums reimbursed to us in London by His Majesty's Government on account of war outlay has been re-lent to them for war purposes by investment in their Treasury Bills. As I stated in an earlier part of my speech, these investments, which are of course quite apart from our gift of £100 million, will amount to £67 million at the end of the current year, while the further investment from our Paper Currency Reserve contemplated next year will add £16 million more.

127. I have already described the present composition of the Paper Currency Reserve, and need only add now that our Gold Standard Reserve at present stands at £34 million against £25½ million in 1913-14. This increase is, of course, mainly due to the coinage of silver in the last few years. Every effort has been made to obtain as ample supplies of silver for India as were available, and our recognition of the probable requirements in this respect was made at a date considerably earlier than

is generally known. In all, we have in the last four years coined £33 million worth of fresh rupees, which is double the amount coined in the similar period ending with 1913-14. That none of this coinage has been redundant is shown by the prompt way in which it has been absorbed.

128. It will be seen from these figures and remarks how much ground we have traversed during the last few years; and what strikes one first and last is the way in which the war has brought out the financial strength of India. No one could have imagined, for example, three years ago that we should be able, with a moderate increase of taxation, to offer His Majesty's Government £100 million as a special war contribution over and above the additional charges which the war has entailed on our own military budgets; that we could borrow in India anything like as much as we have done, raising, for example, more than one-third of the £100 million war contribution by direct loan in this country in a single year; or again, that we should have found it possible to meet, as we have done, the enormous demands for war supplies to His Majesty's Government and the immediate outlay they have involved. Generally favourable monsoons (taking the period as a whole and India as a whole) have assisted in bringing about this result. Our trade conditions, again, have been wonderfully prosperous, considering all the adverse circumstances which had to be faced, and have indeed led to the paradoxical result that the pecuniary resources of the Government of India have had to be strained to the utmost to meet the demands on us necessitated by the Secretary of State's Council drawings for the assistance of trade, coming as these did on the top of large war expenditure on behalf of the Home Government repaid in London.

129. My present speech and previous utterances of mine have given the Council some idea of the difficulties and anxieties which the war has brought about in the realm of Indian finance and the special expedients which had to be resorted to in order to meet a succession of most difficult and constantly changing situations, based on circumstances for which there was no precedent in the period of *pre-bellum* finance. I say *some* idea advisedly, because transactions which can be very briefly described in our annual Budget chronicles or in Press *communiqués* have often been the fruit of long and detailed labour and thought. For example, as regards the action taken in respect of the amount of the Secretary of State's weekly Council drawings and rates of exchange, communications exchanged at various times between us and the India Office would fill a respectable little book. I may say without the least exaggeration that since the war began I have never been free from acute anxieties in regard to one or more important matters with which the Finance Department is directly or indirectly concerned, and decisions have often had to be taken at very short notice. Looking back with present knowledge on this crowded past, I do not, of course, claim that everything that has been done was done in the best possible way.

‘That man was vain, and false as vain,
Who said, were he ordained to run
His whole career of life again,
He would do all that he had done.’

And this applies equally to the short official life of the holder of a high office such as mine, especially in the circumstances of this kaleidoscopic war time when, in the financial sphere as well as in the military, the events of one year mock at the fears or hopes of the year before. But I have done my best to serve India in these troublous times: and I think I can claim that her interests have not suffered at my hands; that the difficulties which beset us have been adequately met; that our financial structure has well withstood the storms which have beaten upon it; and that efforts have been successfully made to strengthen its walls and foundations.

130. I should like to add that such credit as may be accorded to me in respect of the policy and actions of the last few years must be shared by my able lieutenants in the Finance Department. I owe a great deal, as I have always acknowledged, to their loyal and efficient co-operation, and they, in their turn, have been most ably seconded by those who work under them. I am indeed proud of the Department I am shortly to quit and in which I have myself served in a subordinate as well as in a directing capacity.

I must also acknowledge with grateful thanks the constant help and support I have received from Your Excellency and Lord Hardinge, and from my colleagues, past and present, on the Executive Council. For, though the fact seems to be rather ignored in some quarters, while the Finance Member has to propose action in respect of important questions of financial policy, the final decision, on this side, rests with the collective Government.

Lastly, I have to acknowledge with gratitude the support I have received from my non-official friends in the Legislative Council. Some of them have every now and then differed from me in regard to particular matters, but they have given me most welcome and helpful support in respect of financial policy as a whole, recognising that I love India and that her interests have ever been foremost in my thoughts.

W. S. MEYER.

Delhi, March 1st, 1918.



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DELHI, FRIDAY, MARCH 1, 1918.

FINANCIAL STATEMENT

OF THE

GOVERNMENT OF INDIA MARCH 1918.

ACCOUNTS	1916-17
REVISED ESTIMATES	1917-18
BUDGET ESTIMATES	1918-19

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I.—General Statement of the Revenue and Expenditure charged to

	For details, <i>vide</i> State- ment.	Accounts, 1916-1917.	Budget Estimate, 1917-1918.	Revised Estimate, 1917-1918.	Budget Estimate, 1918-1919.
		£	£	£	£
Revenue—					
Principal Heads of Revenue—					
Land Revenue	A	22,041,265	22,218,200	22,191,100	22,358,500
Opium	„	3,160,005	3,389,300	3,068,500	3,191,800
Salt	„	4,826,230	3,972,900	5,432,800	3,492,200
Stamps	„	5,776,696	5,952,100	5,745,000	5,928,000
Excise	„	9,215,899	9,328,200	10,050,100	10,373,700
Customs	„	8,659,182	9,394,800	11,127,900	10,714,400
Income Tax	„	3,772,967	5,129,300	6,075,800	6,313,200
Other Heads	„	3,655,196	3,465,600	3,661,300	3,870,700
TOTAL PRINCIPAL HEADS . . . . .	...	61,107,470	62,850,400	67,552,500	66,212,500
Interest	A	1,136,504	2,095,700	2,245,300	3,552,600
Posts and Telegraphs	„	4,174,607	4,345,700	4,462,100	4,782,800
Mint	„	689,866	139,100	530,700	376,000
Receipts by Civil Departments	„	1,739,713	1,706,300	1,920,100	1,956,100
Miscellaneous	„	847,530	743,000	2,599,900	1,295,200
Railways: Net Receipts	„	21,313,797	20,253,000	24,051,600	22,983,700
Irrigation	„	5,155,624	5,125,300	5,188,000	5,320,400
Other Public Works	„	309,373	285,200	318,900	304,900
Military Receipts	„	1,575,946	1,327,100	1,502,200	1,532,700
TOTAL REVENUE . . . . .	...	98,050,430	98,870,800	110,401,300	108,346,900

DELHI,
FINANCE DEPARTMENT,
March 1, 1918.

M. F. GAUNTLETT,
Offg. Comptroller General.

Revenue, of the Government of India, in India and in England.

	For details, <i>vide</i> State- ment.	Accounts, 1916-1917.	Budget Estimate, 1917-1918.	Revised Estimate, 1917-1918.	Budget Estimate, 1918-1919.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	9,328,668	10,027,500	9,919,000	10,438,300
Interest	„	1,174,864	6,832,800	7,797,500	7,784,300
Posts and Telegraphs	„	3,441,387	3,601,900	3,599,000	3,931,400
Mint	„	167,411	108,600	179,800	170,000
Salaries and Expenses of Civil Departments	„	19,081,230	21,089,800	20,915,100	22,993,000
Miscellaneous Civil Charges	„	5,414,272	5,419,200	5,894,800	5,644,700
Famine Relief and Insurance	„	1,000,000	1,000,000	1,000,000	1,000,000
Railways: Interest and Miscellaneous Charges	„	13,831,922	14,147,400	13,876,800	13,782,000
Irrigation	„	3,549,912	3,834,100	3,742,800	3,928,700
Other Public Works	„	4,618,535	5,544,800	5,110,500	5,945,600
Military Services	„	26,566,757	27,227,100	30,284,700	30,532,700
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL . . . . .	...	88,174,958	98,833,200	102,320,000	106,150,700
<i>Add—</i> Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.	End of B	2,397,302	240,300	2,322,900	351,400
<i>Deduct—</i> Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	...	338,100	66,700	446,700
TOTAL EXPENDITURE CHARGED TO REVENUE . . . . .	...	90,572,260	98,735,400	104,576,200	106,055,400
SURPLUS . . . . .	...	7,478,170	135,400	5,825,100	2,291,500
TOTAL . . . . .	...	98,050,430	98,870,800	110,401,300	108,346,900

M. M. S. GUBBAY,
Controller of Currency.

H. F. HOWARD,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1916-1917.	Budget Estimate, 1917-1918.	Revised Estimate, 1917-1918.	Budget Estimate, 1918-1919.
		£	£	£	£
Surplus	C	7,478,170	135,400	5,825,100	2,291,500
Railway, Irrigation and other Capital not charged to Revenue—					
Capital raised through Companies towards outlay on State Railways . . . . .	"	...	...	—500,000	—250,000
Capital contributed by Native States towards construction of State Railways	"	66,667	66,700	66,700	33,300
Capital raised and deposited by Railway Companies (net)	"	555,431	318,600	...	...
TOTAL CAPITAL ACCOUNT RECEIPTS		622,098	385,300	—433,300	—216,700
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	4,433,691	6,416,700	68,943,800	...
Temporary Debt (net incurred) . . . . .	"	...	...	47,557,900	...
Unfunded Debt (net incurred)	"	1,474,857	1,926,700	9,383,200	1,215,300
Deposits and Advances (net)	"	...	787,900	...	3,912,800
Loans and Advances by Imperial Government (net Repayments)	"	2,451	...	...	...
Loans and Advances by Provincial Governments (net Repayments)	"	585,495	262,500	598,400	162,400
Loans to Local Boards for Railway Construction	"	8,020	8,300	...	8,700
Remittances (net)	"	1,651,160	...	...	2,000,000
Secretary of State's Bills drawn	"	9,669,240	...	25,258,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		17,824,914	9,402,100	151,741,300	7,299,200
TOTAL RECEIPTS . . . . .	...	25,925,182	9,922,800	157,133,100	9,374,000
Opening Balance—India . . . . .	...	12,016,056	15,142,656	15,293,216	15,969,516
England . . . . .	...	(a) 12,803,348	(a) 11,419,648	(a) 11,391,993	(a) 14,036,193
TOTAL . . . . .	...	50,744,586	36,485,104	183,818,309	39,379,709

(a) Include balances of the Gold Standard Reserve as shown

Government of India, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1916-1917.	Budget Estimate, 1917-1918.	Revised Estimate, 1917-1918.	Budget Estimate, 1918-1919.
		£	£	£	£
Railway, Irrigation and other Capital not charged to Revenue—					
Outlay on Irrigation Works	C	512,083	600,000	501,500	466,700
Outlay on State Railways	"	1,872,348	3,224,200	3,023,400	3,704,400
Initial outlay on new Capital at Delhi	"	244,297	266,700	250,700	266,700
India's Financial Contribution to the War . . . . .	"	...	...	100,000,000	...
Outlay of Railway Companies (net)	"	770,593	648,400	521,700	631,600
Capital raised and deposited by Railway Companies . . . . .	"	...	...	772,300	2,242,400
TOTAL CAPITAL ACCOUNT DISBURSEMENTS . . . . .	...	3,399,321	4,739,300	105,072,600	7,311,800
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	C	...	...	...	877,300
Temporary Debt (net discharged)	"	7,722,183	333,300	...	2,666,700
Deposits and Advances (net)	"	4,595,151	...	20,178,400	...
Loans and Advances by Imperial Government (net Advances)	"	...	120,700	3,100	59,500
Loans to Local Boards for Railway Construction . . . . .	"	...	...	2,000	...
Remittances (net)	"	...	7,279,800	3,795,800	...
Secretary of State's Bills paid	"	8,342,722	466,700	24,760,700	2,060,000
TOTAL DEBT, DEPOSITS AND ADVANCES . . . . .	...	20,660,056	8,200,500	48,740,000	5,663,500
TOTAL DISBURSEMENTS . . . . .	...	24,059,377	12,939,800	153,812,600	12,975,300
Closing Balance—India . . . . .	...	15,293,216	12,190,456	15,969,516	11,119,916
England . . . . .	...	(a) 11,391,993	(a) 11,354,848	(a) 14,036,193	(a) 15,284,493
TOTAL . . . . .	...	50,744,586	33,485,104	183,818,309	39,379,709

in the notes on pages 112 and 113.

M. M. S. GUBBAY,
Controller of Currency.H. F. HOWARD,
Secretary to the Government of India.

A—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1916-1917.					REVISED	
	India	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
Principal Heads of Revenue—	£	£	£	£	£	£	£
I.—Land Revenue	22,041,265	...	22,041,265	10,780,478	11,260,787	22,191,100	...
II.—Opium	3,160,005	...	3,160,005	3,160,005	...	3,068,500	...
III.—Salt	4,826,260	...	4,826,260	4,826,260	...	5,432,800	...
IV.—Stamps	5,776,696	...	5,776,696	2,940,614	2,836,082	5,745,000	...
V.—Excise	9,215,899	...	9,215,899	2,573,089	6,642,810	10,050,100	...
VI.—Provincial Rates	31,391	...	31,391	234	31,157	28,700	...
VII.—Customs	8,659,182	...	8,659,182	8,659,182	...	11,127,900	...
VIII.—Income Tax	3,772,967	...	3,772,967	2,053,215	1,719,752	6,075,800	...
IX.—Forest	2,470,785	...	2,470,785	96,687	2,374,108	2,681,400	...
X.—Registration	540,581	...	540,581	6,888	534,193	533,400	...
XI.—Tributes from Native States	612,429	...	612,429	612,429	...	617,500	...
TOTAL	61,107,470	...	61,107,470	35,708,581	25,398,889	67,552,500	...
XII.—Interest	861,246	275,258	1,136,504	794,810	341,694	922,900	1,322,400
XIII.—Posts and Telegraphs	4,153,236	21,371	4,174,607	4,174,607	...	4,444,800	47,800
XV.—Mint	689,866	...	689,866	689,866	...	530,700	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	414,799	...	414,799	29,639	385,160	435,100	...
{ Jails	345,725	...	345,725	47,795	297,930	388,600	...
XVII.—Police	154,984	54	155,038	5,497	149,541	133,100	...
XVIII.—Ports and Pilotage	123,419	...	123,419	...	123,419	105,300	...
XIX.—Education	298,278	...	298,278	15,281	282,997	322,300	...
XXA.—Medical	83,772	356	84,128	951	83,177	93,000	300
XXB.—Sanitation	31,667	...	31,667	6,673	24,994	33,100	...
XXIA.—Agriculture	91,111	...	91,111	12,137	78,974	107,000	...
XXIB.—Scientific and Miscellaneous Departments	194,870	678	195,548	8,142	187,406	301,400	900
TOTAL	1,733,625	1,088	1,739,713	126,115	1,613,598	1,918,900	1,200
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	173,379	46,486	219,865	143,626	76,239	174,400	39,600
XXIII.—Stationery and Printing	99,034	...	99,034	40,971	58,063	93,800	...
XXIV.—Exchange	111,371	...	111,371	111,371	...	1,006,000	...
XXV.—Miscellaneous	402,275	17,985	420,260	217,763	202,497	1,091,700	200,400
TOTAL	783,059	64,471	847,530	513,731	333,799	2,359,900	240,000
Railways—							
XXVI.—State Railways (Gross Receipts)	41,849,739	114,861	41,964,600	41,953,574	11,026	45,500,000	107,200
Deduct—Working Expenses	19,979,096	...	19,979,096	19,972,320	6,776	20,666,600	...
Surplus profits paid to Companies, etc.	770,442	...	770,442	770,442	...	993,400	...
Net Receipts	21,100,201	114,861	21,215,062	21,210,812	4,250	23,840,000	107,200
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of advances of Interest)	29,175	69,560	98,735	98,735	...	34,000	70,400
TOTAL	21,129,376	184,421	21,313,797	21,309,547	4,250	23,874,000	177,600
Irrigation—							
XXIX.—Major Works: Direct Receipts	3,011,227	...	3,011,227	1,279,777	1,731,450	3,015,800	...
Portion of Land Revenue due to Irrigation	1,827,108	...	1,827,108	992,167	834,941	1,859,200	...
XXX.—Minor Works and Navigation	317,289	...	317,289	112,221	205,068	313,000	...
TOTAL	5,155,624	...	5,155,624	2,384,165	2,771,459	5,188,000	...
Other Public Works—							
XXXI.—Civil Works	309,373	...	309,373	39,346	270,027	318,900	...
Military Receipts—							
XXXII.—Army: Effective	700,993	292,201	993,194	993,194	...	745,800	244,300
Non-Effective	83,711	38,613	122,324	122,324	...	83,100	38,000
XXXIII.—Marine	784,704	330,814	1,115,518	1,115,518	...	828,900	282,300
XXXIV.—Military Works	365,005	22	365,027	365,027	...	301,000	...
	95,401	...	95,401	95,401	...	90,000	...
TOTAL	1,245,110	330,836	1,575,946	1,575,946	...	1,219,900	282,300
Transfers between Imperial and Provincial Revenues . . . . .	...	...	...	—1,629,367	+1,629,367	...	...
TOTAL REVENUE	97,172,985	877,445	98,050,430	65,687,347	32,363,083	108,330,000	2,071,300

India, in India and in England.

ESTIMATE, 1917-1918.			Increase + Decrease— as compared with Budget Estimate, 1917-1918	BUDGET ESTIMATE, 1918-1919.					Increase + Decrease — of Budget, 1918-1919, as compared with Budget Estimate, 1917-1918.	Increase + Decrease — of Budget, 1918-1919, as compared with Revised Estimate, 1917-1918.
TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
22,191,100	10,846,000	11,345,100	—27,100	22,358,500	...	22,358,500	10,878,200	11,480,300	+140,300	+167,400
3,068,500	3,068,500	...	—320,800	3,191,800	...	3,191,800	3,191,800	...	—197,500	+123,300
5,432,800	5,432,800	...	+1,459,900	3,492,200	...	3,492,200	3,492,200	...	—480,700	—1,940,600
5,745,000	2,926,400	2,818,600	—207,100	5,928,000	...	5,928,000	3,017,900	2,910,100	—24,100	+183,000
10,050,100	2,793,100	7,257,000	+721,900	10,373,700	...	10,373,700	2,882,300	7,491,400	+1,045,500	+323,600
28,700	100	28,600	+1,100	29,200	...	29,200	100	29,100	+1,600	+500
11,127,900	11,127,900	...	+1,733,100	10,714,400	...	10,714,400	10,714,400	...	+1,319,600	—413,500
6,075,800	3,873,100	2,202,700	+946,500	6,313,200	...	6,313,200	4,028,100	2,285,100	+1,183,900	+237,400
2,681,400	100,800	2,580,600	+414,700	2,684,300	...	2,684,300	104,300	2,580,000	+417,600	+2,900
533,400	7,000	526,400	—20,900	542,600	...	542,600	6,800	535,800	—11,700	+9,200
617,800	617,800	...	+800	614,600	...	614,600	614,600	...	—2,400	—3,200
67,552,500	40,793,500	26,759,000	+4,702,100	66,242,500	...	66,242,500	38,930,700	27,311,800	+3,392,100	—1,310,000
2,245,300	1,934,200	311,100	+149,600	933,000	2,619,600	3,552,600	3,255,200	297,400	+1,456,900	+1,307,300
4,492,100	4,492,100	...	+146,400	4,699,600	83,200	4,782,800	4,782,800	...	+437,100	+290,700
530,700	530,700	...	+391,600	376,000	...	376,000	376,000	...	+236,900	—154,700
435,100	27,800	407,300	+15,600	440,600	...	440,600	22,300	418,300	+21,100	+5,500
388,600	55,200	333,400	+57,000	386,200	...	386,200	55,500	330,700	+54,600	—2,400
133,100	6,400	126,700	—3,200	173,000	...	173,000	5,500	167,500	+36,700	+39,900
105,300	...	105,300	—12,200	108,900	...	108,900	...	108,900	—8,600	+3,600
322,300	6,700	315,600	+17,000	312,800	...	312,800	7,100	305,700	+7,500	—9,500
93,300	1,600	91,700	+12,400	97,200	300	97,500	800	96,700	+16,600	+4,200
33,100	12,000	21,100	+13,000	29,300	...	29,300	10,000	19,300	+9,200	—3,800
107,000	12,800	94,200	+4,300	142,300	...	142,300	22,900	119,400	+39,600	+35,300
302,300	7,400	294,900	+109,900	264,500	1,000	265,500	8,600	256,900	+73,100	—36,800
1,920,100	129,900	1,790,200	+213,800	1,954,800	1,300	1,956,100	132,700	1,823,400	+249,800	+36,000
214,000	136,500	77,500	—2,100	176,300	38,100	214,400	136,400	78,000	—1,700	+400
93,800	37,400	56,400	+6,900	93,100	...	93,100	39,000	54,100	+6,200	—700
1,000,000	1,000,000	...	+1,000,000	...	...	...	...	...	...	—1,000,000
1,292,100	1,092,700	199,400	+852,100	961,200	26,500	987,700	796,900	190,800	+547,700	—304,400
2,599,900	2,206,600	333,300	+1,856,900	1,230,600	64,600	1,295,200	972,300	322,900	+552,200	—1,304,700
45,607,200	45,597,300	9,900	+3,768,000	47,000,000	500	47,000,500	46,990,500	10,000	+5,161,300	+1,393,300
20,666,600	20,658,600	8,000	+233,400	23,044,300	...	23,044,300	23,035,600	8,700	—2,144,300	—2,377,700
993,400	993,400	...	—213,400	1,066,600	...	1,000,000	1,066,600	...	—286,600	—73,200
23,947,200	23,945,300	1,900	+3,788,000	22,889,100	500	22,889,600	22,888,300	1,300	+2,730,400	—1,057,600
104,400	104,400	...	+10,600	16,100	78,000	94,100	94,100	...	+300	—10,300
24,051,600	24,049,700	1,900	+3,793,600	22,905,200	78,500	22,983,700	22,982,400	1,300	+2,730,700	—1,067,900
3,015,800	1,292,800	1,723,000	+43,600	3,092,500	...	3,092,500	1,353,600	1,738,900	+120,300	+76,700
1,859,200	1,009,000	850,200	+1,000	1,921,400	...	1,921,400	1,040,800	880,600	+63,200	+62,200
313,000	119,300	193,700	+18,100	306,500	...	306,500	111,800	194,700	+11,600	—6,500
5,188,000	2,421,100	2,766,900	+62,700	5,320,400	...	5,320,400	2,506,200	2,814,200	+195,100	+132,400
318,900	57,100	261,800	+33,700	304,900	...	304,900	51,100	253,800	+19,700	—14,000
990,100	990,100	...	+126,200	776,500	246,000	1,022,800	1,022,800	...	+158,900	+32,700
121,100	121,100	...	—1,300	83,300	38,000	121,300	121,300	...	—1,100	+200
1,111,200	1,111,200	...	+124,900	860,100	284,000	1,144,100	1,144,100	...	+157,800	+32,900
301,000	301,000	...	+40,200	308,600	...	308,600	308,600	...	+47,800	+7,600
90,000	90,000	...	+10,000	80,000	...	80,000	80,000	...	...	—10,000
1,502,200	1,502,200	...	+175,100	1,248,700	284,000	1,532,700	1,532,700	...	+205,600	+30,500
...	—1,499,700	+1,499,700	...	...	...	...	—1,522,900	+1,522,900	...	...
110,401,300	76,677,400	33,723,900	+11,530,500	105,215,700	3,131,200	108,346,900	73,999,200	34,347,700	+9,476,100	—2,054,400

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1916-1917.					REVISED	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
Direct Demands on the Revenues—	£	£	£	£	£	£	£
1.—Refunds and Drawbacks	478,698	...	478,698	359,244	119,454	545,700	...
2.—Assignments and Compensations	1,250,357	...	1,250,357	557,419	692,938	1,303,700	...
Charges in respect of Collection, viz. :—							
3.—Land Revenue	3,811,518	1,615	3,813,133	271,795	3,541,338	3,863,400	2,100
4.—Opium (including cost of Production)	911,577	817	912,394	912,394	...	1,113,800	1,400
5.—Salt (including cost of Production)	396,460	1,726	398,186	398,186	...	425,300	600
6.—Stamps	63,194	110,272	173,466	99,268	74,198	70,900	125,000
7.—Excise	478,287	345	478,632	145,500	333,132	490,500	400
9.—Customs	270,830	334	271,164	271,164	...	281,400	200
10.—Income Tax	37,112	...	37,112	18,700	18,412	42,300	...
11.—Forest	1,249,592	2,173	1,251,765	83,302	1,168,463	1,381,200	600
12.—Registration	263,761	...	263,761	1,886	261,875	270,500	...
TOTAL	9,211,386	117,282	9,328,668	3,118,858	6,209,810	9,788,700	130,300
Interest—							
13.—Interest on Debt	3,777,813	5,846,832	9,624,645	8,712,156	912,489	6,286,700	9,938,800
Deduct—Amounts chargeable to Railways†	4,139,212	3,620,110	7,759,322	7,759,322	...	4,227,800	3,600,000
„ Amounts chargeable to Irrigation	1,292,620	120,585	1,413,205	723,528	689,677	1,320,500	120,800
Remainder chargeable on Ordinary Debt	-1,654,019	2,106,137	452,118	229,306	222,812	738,400	6,218,000
14.—Interest on other obligations	722,746	...	722,746	722,746	...	841,100	...
TOTAL	-931,273	2,106,137	1,174,864	952,052	222,812	1,579,500	6,218,000
15.—Posts and Telegraphs	3,122,690	318,697	3,441,387	3,441,387	...	3,272,900	326,100
17.—Mint	158,662	8,749	167,411	167,411	...	157,800	22,000
Salaries and Expenses of Civil Departments—							
18.—General Administration	1,679,065	404,072	2,083,137	1,168,685	914,452	1,722,500	500,600
19.—Law and Justice Courts	3,306,576	450	3,307,026	82,002	3,225,024	3,324,900	1,400
Jails	1,086,275	147	1,086,422	170,195	916,227	1,137,900	...
20.—Police	5,424,190	...	5,424,190	295,814	5,128,376	5,545,800	200
21.—Ports and Pilotage	199,668	...	199,668	...	199,668	194,300	...
22.—Education	3,123,602	9,346	3,132,948	111,736	3,021,212	3,350,100	12,000
23.—Ecclesiastical	128,357	180	128,537	128,537	...	130,300	400
24A.—Medical	864,820	946	865,766	79,577	786,189	964,000	800
24B.—Sanitation	518,617	1,681	520,298	78,081	442,267	577,900	1,700
25.—Political	1,260,361	22,082	1,282,443	1,119,930	162,513	2,215,500	36,100
26A.—Agriculture	607,668	3,947	611,615	66,053	545,562	693,300	3,900
26B.—Scientific and Miscellaneous Departments	398,756	40,424	439,180	277,621	161,559	458,100	43,400
TOTAL	18,597,955	483,275	19,081,230	3,578,181	15,503,049	20,314,600	600,500
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	197,418	10,550	207,968	207,968	...	193,900	10,600
28.—Civil Furlough and Absentee Allowances	1,509	251,007	252,516	252,516	...	1,800	194,000
29.—Superannuation Allowances and Pensions	1,467,475	2,008,225	3,475,700	2,125,633	1,350,067	1,523,500	1,989,000
30.—Stationery and Printing	690,584	116,454	807,038	306,634	500,404	863,300	118,500
32.—Miscellaneous	464,655	206,395	671,050	459,908	211,142	559,200	441,000
TOTAL	2,821,641	2,592,631	5,414,272	3,352,659	2,061,613	3,141,700	2,753,100
Famine Relief and Insurance—							
33.—Famine Relief	187,617	...	187,617	140,762	46,855	6,500	...
34.—Construction of Protective Railways	-476	...	-476	-476	...	100	...
35.—Construction of Protective Irrigation Works	332,468	1,133	333,601	333,601	...	352,300	1,400
36.—Reduction or Avoidance of Debt	479,258	...	479,258	380,686	98,572	639,700	...
TOTAL	998,867	1,133	1,000,000	854,573	145,427	998,600	1,400
Carried over	33,979,928	5,627,904	39,607,832	15,465,121	24,142,711	39,253,800	10,051,400

	ACCOUNTS, 1916-1917.			REVISED ESTIMATE, 1917-1918.		
	India.	England.	TOTAL.	India.	England.	TOTAL.
†Included under the following heads :—	£	£	£	£	£	£
State Railways—Interest on Debt	4,121,990	3,538,860	7,660,850	4,210,600	3,518,800	7,729,400
Ditto —Interest chargeable against Companies on Advances	17,222	81,250	98,472	17,200	81,200	98,400
TOTAL	4,139,212	3,620,110	7,759,322	4,227,800	3,600,000	7,827,800

Revenues of India, in India and in England.

ESTIMATE, 1917-1918.			Increase + Decrease — as compared with Budget Estimate, 1917-1918.	BUDGET ESTIMATE, 1918-1919.					Increase + Decrease — of Budget, 1918-1919, as compared with Budget Estimate, 1917-1918.	Increase + Decrease — of Budget, 1918-1919, as compared with Revised Estimate, 1917-1918.
TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
545,700	415,700	130,000	+ 115,400	516,700	...	516,700	389,000	127,700	+ 86,400	— 29,000
1,303,700	590,600	713,100	+ 30,900	1,325,000	...	1,325,000	610,000	715,000	+ 52,200	+ 21,300
3,865,500	284,000	3,581,500	— 114,100	4,017,900	1,500	4,019,400	315,200	3,704,200	+ 39,800	+ 153,900
1,115,200	1,115,200	...	— 205,800	1,253,100	1,200	1,254,300	1,254,300	...	— 66,700	+ 139,100
425,900	425,900	...	+ 17,300	480,800	2,500	483,300	483,300	...	+ 74,700	+ 57,400
195,900	114,600	81,300	+ 35,200	73,400	120,000	193,400	110,500	82,900	+ 32,700	— 2,500
490,900	147,100	343,800	+ 2,400	516,900	200	517,100	152,500	364,600	+ 28,600	+ 26,200
281,600	281,600	...	— 4,300	292,900	100	293,000	293,000	...	+ 7,100	+ 11,400
42,300	21,600	20,700	+ 1,200	51,500	...	51,500	26,400	25,100	+ 10,400	+ 9,200
1,381,800	82,900	1,298,900	+ 12,700	1,508,700	2,500	1,511,200	100,900	1,410,300	+ 142,100	+ 123,400
270,500	2,000	268,500	+ 600	273,400	...	273,400	1,900	271,500	+ 3,500	+ 2,900
9,919,000	3,481,200	6,437,800	— 108,500	10,310,300	128,000	10,438,300	3,737,000	6,701,300	+ 410,800	+ 519,300
16,225,500	15,313,600	911,900	+ 647,000	7,073,300	9,196,300	16,269,500	15,354,000	915,500	+ 691,000	+ 44,000
7,827,800	7,827,800	...	+ 304,900	4,344,300	3,588,600	7,932,900	7,932,900	...	+ 199,800	— 105,100
1,441,300	742,300	699,000	+ 84,900	1,348,300	121,000	1,469,300	762,000	707,300	+ 56,900	— 28,000
6,956,400	6,743,500	212,900	+ 1,036,800	1,380,700	5,486,600	6,867,300	6,659,100	208,200	+ 947,700	— 89,100
841,100	841,100	...	— 72,100	917,000	...	917,000	917,000	...	+ 3,800	+ 75,900
7,797,500	7,584,600	212,900	+ 964,700	2,297,700	5,486,600	7,784,300	7,576,100	208,200	+ 951,500	— 13,200
3,599,000	3,599,000	...	— 2,900	3,489,800	441,600	3,931,400	3,931,400	...	+ 329,500	+ 332,400
179,800	179,800	...	+ 71,200	152,500	17,500	170,000	170,000	...	+ 61,400	— 9,800
2,223,100	1,284,700	938,400	+ 166,200	1,703,300	560,200	2,263,500	1,323,600	939,900	+ 206,600	+ 40,400
3,326,300	79,600	3,246,700	— 54,300	3,391,400	800	3,392,200	76,600	3,315,600	+ 11,600	+ 65,900
1,137,900	173,000	964,900	+ 12,500	1,153,700	...	1,153,700	174,900	978,800	+ 28,300	+ 15,800
5,546,000	333,400	5,212,600	— 183,900	5,866,500	100	5,866,600	355,500	5,511,100	+ 136,700	+ 320,600
194,300	...	194,300	— 1,000	200,900	...	200,900	...	200,900	+ 5,600	+ 6,600
3,362,100	124,400	3,237,700	— 261,300	4,110,600	10,500	4,121,100	152,200	3,965,900	+ 497,700	+ 759,000
130,700	130,700	...	— 11,800	136,500	300	136,800	136,800	...	— 5,700	+ 6,100
964,800	84,300	880,500	— 3,700	1,036,100	800	1,036,900	90,200	946,700	+ 68,400	+ 73,100
579,600	84,500	495,100	— 31,000	713,300	1,500	714,800	129,700	585,100	+ 104,200	+ 135,200
2,251,600	2,071,300	180,300	+ 398,400	2,614,800	17,900	2,632,700	2,417,500	215,200	+ 779,500	+ 381,100
697,200	81,100	616,100	— 169,100	834,500	6,800	841,300	87,600	753,700	— 25,000	+ 144,100
501,500	304,200	197,300	— 35,700	575,200	57,300	632,500	314,300	318,200	+ 95,300	+ 131,000
20,915,100	4,751,200	16,163,900	— 174,700	22,336,800	656,200	22,993,000	5,258,900	17,734,100	+ 1,903,200	+ 2,077,900
204,500	204,500	...	— 5,900	196,800	10,600	207,400	207,400	...	— 3,000	+ 2,900
195,800	195,800	...	— 65,700	1,300	194,000	195,300	195,300	...	— 66,200	— 500
3,512,500	2,109,800	1,402,700	— 23,000	1,580,600	1,991,000	3,571,600	2,110,200	1,461,400	+ 36,100	+ 59,100
981,500	453,500	528,300	+ 120,500	843,400	108,500	951,900	372,000	579,900	+ 90,600	— 29,900
1,000,200	708,600	291,600	+ 449,700	690,500	28,000	718,500	207,500	511,000	+ 168,000	— 281,700
5,894,800	3,672,200	2,222,600	+ 475,600	3,312,600	2,332,100	5,644,700	3,092,400	2,552,300	+ 225,500	— 250,100
6,500	4,900	1,600	— 49,800	40,400	...	40,400	30,300	10,100	— 15,900	+ 33,900
100	100	...	+ 600	— 500	...	— 500	— 500	...	...	— 600
353,700	353,700	...	— 66,300	396,100	10,600	406,700	406,700	...	— 13,300	+ 53,000
639,700	639,700	...	+ 115,500	553,400	...	553,400	553,400	...	+ 29,200	— 86,300
1,000,000	998,400	1,600	...	989,400	10,600	1,000,000	989,900	10,100	...	...
49,305,200	24,266,400	25,038,800	+ 1,225,400	42,889,100	9,072,600	51,961,700	24,755,700	27,206,000	+ 3,881,900	+ 2,656,500

BUDGET ESTIMATE, 1918-1919.

India.	England.	TOTAL.
£	£	£
4,326,900	3,507,400	7,834,300
17,400	81,200	98,600
4,344,300	3,588,600	7,932,900

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1916-1917.					REVISED	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
	£	£	£	£	£	£	£
Brought forward	33,979,928	5,627,904	39,607,832	15,465,121	24,142,711	39,253,800	10,051,400
Railways—							
38.—State Railways: Interest on Debt	4,121,990	3,538,860	7,660,850	7,660,850	...	4,210,600	3,518,800
Annuities in purchase of Railways	...	3,357,650	3,357,650	3,357,650	...	...	3,357,700
Sinking Funds	...	323,647	323,647	323,647	...	...	333,600
Interest chargeable against Companies on Advances	17,222	81,250	98,472	98,472	...	17,200	81,200
Interest on Capital deposited by Companies	55,708	2,170,232	2,225,940	2,225,940	...	58,900	2,205,800
40.—Subsidised Companies: Land, etc.	162,451	...	162,451	161,544	907	73,300	...
41.—Miscellaneous Railway Expenditure	2,912	...	2,912	2,911	1	19,700	...
TOTAL	4,360,283	9,471,639	13,831,922	13,831,014	908	4,379,700	9,497,100
Irrigation—							
42.—Major Works: Working Expenses	1,351,194	...	1,351,194	637,718	713,476	1,418,300	...
Interest on Debt	1,292,620	120,585	1,413,205	723,528	689,677	1,320,500	120,800
43.—Minor Works and Navigation	785,076	437	785,513	239,078	546,435	883,200	...
TOTAL	3,428,890	121,022	3,549,912	1,600,324	1,949,588	3,622,000	120,800
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	2,204	...	2,204	...	2,204	700	...
45.—Civil Works	4,562,918	53,413	4,616,331	745,961	3,870,370	5,034,200	45,600
TOTAL	4,565,122	53,413	4,618,535	745,961	3,872,574	5,064,900	45,600
Military Services—							
46.—Army: Effective	18,030,182	3,191,512	21,221,694	21,221,694	...	20,437,700	4,102,400
Non-Effective	856,347	2,181,962	3,038,309	3,038,309	...	969,900	2,155,400
	18,886,529	5,373,474	24,260,003	24,260,003	...	21,407,600	6,257,800
46A.—Marine	272,362	421,318	693,680	693,680	...	328,600	408,000
47.—Military Works	1,522,163	72,375	1,594,538	1,594,533	...	1,806,300	66,000
47A.—Special Defences (1902)	14,054	4,482	18,536	18,536	...	10,300	100
TOTAL	20,695,108	5,871,649	26,566,757	26,566,757	...	23,552,800	6,731,900
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	67,029,331	21,145,627	88,174,958	58,209,177	29,965,781	75,873,200	26,446,800
Add—Portion of Allotments to Provincial Governments not spent by them in the year	2,397,302	...	2,397,302	...	2,397,302	2,322,900	...
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	...	...	...	...	...	66,700	...
Total Expenditure charged to Revenue	69,426,633	21,145,627	90,572,260	58,209,177	32,363,083	78,129,400	26,446,800

Capital Expenditure not charged to Revenue -	ACCOUNTS, 1916-1917.		
	India.	England.	TOTAL.
	£	£	£
48.—State Railways	1,553,694	318,654	1,872,348
49.—Irrigation Works	505,115	6,968	512,083
TOTAL	2,058,809	325,622	2,384,431
51.—Initial Expenditure on new Capital at Delhi	222,443	21,854	244,297
52.—India's Financial Contribution to the War	...	...	...

Revenues of India, in India and in England—*continued.*

ESTIMATE, 1917-1918.			Increase + Decrease — as compared with Budget Estimate, 1917-1918.	BUDGET ESTIMATE, 1918-1919.					Increase + Decrease — of Budget, 1918-1919, as compared with Budget Estimate, 1917-1918	Increase + Decrease — of Budget, 1918-1919, as compared with Revised Estimate, 1917-1918.
TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
49,305,200	24,265,400	25,038,800	+ 1,225,400	42,889,100	9,072,600	51,961,700	24,755,700	27,206,000	+ 3,881,900	+ 2,656,500
7,729,400	7,729,400	...	— 305,000	4,326,900	3,507,400	7,834,300	7,834,300	...	— 200,100	+ 104,900
3,357,700	3,357,700	...	...	...	3,357,600	3,357,600	3,357,600	...	— 100	— 100
333,600	333,600	...	+ 103,600	...	242,800	242,800	242,800	...	+ 12,800	— 90,800
98,400	98,400	...	+ 100	17,400	81,200	98,600	98,600	...	+ 300	+ 200
2,264,700	2,264,700	...	— 10,900	62,100	2,126,600	2,188,700	2,188,700	...	— 86,900	— 76,000
73,300	72,700	600	— 54,100	33,300	...	33,300	32,700	600	— 94,100	— 40,000
19,700	19,600	100	— 4,300	26,700	...	26,700	26,600	100	+ 2,700	+ 7,000
13,876,800	13,876,100	700	— 270,600	4,466,400	9,315,600	13,782,000	13,781,300	700	— 365,400	— 94,800
1,418,300	676,100	742,200	+ 27,000	1,469,000	...	1,469,000	711,100	757,900	+ 77,700	+ 50,700
1,441,300	742,300	699,000	— 84,900	1,348,300	121,000	1,469,300	762,000	707,300	— 56,900	+ 28,000
883,200	252,200	631,000	— 33,400	990,000	400	990,400	296,700	693,700	+ 73,800	+ 107,200
3,742,800	1,670,600	2,072,200	— 91,300	3,807,300	121,400	3,928,700	1,769,800	2,158,900	+ 94,600	+ 185,900
700	...	700	— 800	700	...	700	...	700	— 800	...
5,109,800	754,500	4,355,300	— 433,500	5,905,700	39,200	5,944,900	868,200	5,076,700	+ 401,600	+ 835,100
5,110,500	754,500	4,356,000	— 434,300	5,906,400	39,200	5,945,600	868,200	5,077,400	+ 400,800	+ 835,100
24,540,100	24,540,100	...	+ 2,539,900	22,278,900	2,379,500	24,658,400	24,658,400	...	+ 2,658,200	+ 118,300
3,125,300	3,125,300	...	— 90,400	1,071,400	2,061,100	3,132,500	3,132,500	...	— 83,200	+ 7,200
27,665,400	27,665,400	...	+ 2,449,500	23,350,300	4,440,600	27,790,900	27,790,900	...	+ 2,575,000	+ 125,500
736,600	736,600	...	— 101,900	350,200	610,100	960,300	960,300	...	+ 121,800	+ 223,700
1,872,300	1,872,300	...	+ 713,600	1,767,500	14,000	1,781,500	1,781,500	...	+ 622,800	— 90,800
10,400	10,400	...	— 3,600	...	...	...	...	...	— 14,000	— 10,400
30,284,700	30,284,700	...	+ 3,057,600	25,468,000	5,064,700	30,532,700	30,532,700	...	+ 3,305,600	+ 246,000
102,320,000	70,852,300	31,467,700	+ 3,483,800	82,537,200	23,613,500	106,150,700	71,707,700	34,443,000	+ 7,317,500	+ 3,830,700
2,322,900	...	2,322,900	+ 2,082,600	351,400	...	351,400	...	351,400	+ 111,100	— 1,971,500
66,700	...	66,700	+ 271,400	446,700	...	446,700	...	446,700	— 108,600	— 380,000
104,576,200	70,852,300	33,723,900	+ 5,840,800	82,441,900	23,613,500	106,055,400	71,707,700	34,347,700	+ 7,320,000	+ 1,479,200

REVISED ESTIMATE, 1917-1918.			BUDGET ESTIMATE, 1918-1919.		
India.	England.	TOTAL.	India.	England.	TOTAL.
£	£	£	£	£	£
2,416,300	607,100	3,023,400	2,941,400	763,000	3,704,400
503,200	1,300	504,500	451,700	15,000	466,700
2,919,500	608,400	3,527,900	3,393,100	778,000	4,171,100
243,900	6,800	250,700	253,000	13,700	266,700
...	100,000,000	100,000,000	...	...	...

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1916-1917.			REVISED ESTIMATE, 1917-1918.			BUDGET ESTIMATE, 1918-1919.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
Revenue (from Statement A) .	₹ 97,172,985	₹ 877,445	₹ 98,050,430	108,330,000	2,071,300	110,401,300	105,215,700	₹ 3,131,200	₹ 108,346,900
Excess of Revenue over Expenditure charged to Revenue			7,478,170			5,825,100			2,291,500
Railway, Irrigation, and other Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways .	...	...	...	—500,000	...	—500,000	—250,000	...	—250,000
Capital contributed by Native States towards construction of State Railways	66,667	...	66,667	66,700	...	66,700	33,300	...	33,300
OUTLAY OF RAILWAY COMPANIES—									
Repayments . . . . .	...	14,772	14,772	...	7,400	7,400	...	2,000	2,000
NET			0			0			0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	630,431	...	630,431	310,200	...	310,200	132,500	...	132,500
			555,431			0			0
Permanent Debt Incurred—									
<i>Sterling Debt—</i>									
British Government 5 per cent. War loan, 1929-47 .	...	...	...	...	64,861,000	...	(a)	...	...
<i>Rupee Debt—</i>									
Rupee Loan . . . . .	...	...	...	...	...	...	20,000,000	...	...
5 per cent. War Loan 1929-47 .	736,768	...	...	7,624,500	...	...	...	...	...
4 " Conversion Loan 1916-17	4,486,680	...	...	...	...	...	...	...	...
TOTAL	5,223,448	...	5,223,448	7,624,500	64,861,000	72,485,500	20,000,000	...	20,000,000
NET			4,433,691			68,943,800			0
Temporary Debt Incurred—									
5½ per cent. War Bonds 1,920 .	1,765,813	...	...	11,434,900	...	...	...	...	...
Do. do. 1,922	1,512,004	...	...	6,456,300	...	...	...	...	...
Treasury Bills . . . . .	...	...	...	27,333,300	...	...	27,333,300	...	...
Other Temporary Loans . . . . .	...	2,000,000	...	2,666,700	...	...	...	...	...
TOTAL	3,277,817	2,000,000	5,277,817	47,891,200	...	47,891,200	27,333,300	...	27,333,300
NET			0			47,557,900			0
Unfunded Debt—									
Post Office Cash Certificates .	...	...	...	6,666,700	...	...	...	...	...
Deposits of Service Funds . .	87,749	27	...	86,500	...	...	86,100	...	...
Savings Bank Deposits	7,512,896	...	...	10,848,500	...	...	8,167,100	...	...
TOTAL	7,600,645	27	7,600,672	17,601,700	...	17,601,700	8,253,200	...	8,253,200
NET			1,474,857			9,383,200			1,215,300
Deposits and Advances—									
Balances of Provincial Allotments	2,397,302	...	...	2,322,900	...	...	351,400	...	...
Appropriation for Reduction or Avoidance of Debt	479,258	...	...	639,700	...	...	553,400	...	...
Deposits of Local Funds—									
District Funds	5,416,592	...	...	5,542,200	...	...	5,482,400	...	...
Other Funds	1,224,572	...	...	1,201,500	...	...	1,212,400	...	...
Deposits of Sinking Funds . .	16,479	...	...	17,100	...	...	17,800	...	...
Gold Standard Reserve	4,213,830	24,525,105	...	1,092,600	33,584,300	...	...	28,008,300	...
Paper Currency Reserve . . . .	...	46,984,376	...	...	79,267,000	...	...	91,479,300	...
Do. Depreciation Fund . . . . .	...	399,080	...	...	1,224,300	...	...	1,481,000	...
Special Reserve . . . . .	...	...	...	...	...	...	...	11,998,100	...
Departmental and Judicial Deposits	34,137,966	...	...	38,985,800	...	...	33,620,200	...	...
Advances	8,091,669	2,934,337	...	9,371,100	2,564,600	...	10,736,800	1,854,600	...
Suspense Accounts	165,730	...	...	151,600	...	...	362,300	...	...
Miscellaneous	251,799	955,320	...	2,813,300	589,400	...	297,300	671,200	...
TOTAL	56,395,197	75,798,218	132,193,415	62,637,800	117,229,600	179,867,400	52,634,900	135,492,500	188,126,500
NET			0			0			3,912,800
Carried over	170,367,190	78,690,462	...	243,962,100	184,169,300	...	213,352,000	138,625,700	...

(a) The entry of the proposed Rupee War Loan to be issued in 1918-19 under this head is purely provisional, pending decision as to the form which the loan should actually take.

Government of India, in India and in England.

	ACCOUNTS, 1916-1917.			REVISED ESTIMATE, 1917-1918.			BUDGET ESTIMATE, 1918-1919.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
Expenditure, Imperial and Provincial (from Statement B)	£	£	£	£	£	£	£	£	£
67,029,331	21,145,627	88,174,958	75,873,200	26,446,800	102,320,000	82,537,200	23,613,500	106,150,700	
Add—Provincial Surpluses transferred to "Deposits"	2,397,302	...	2,397,302	2,322,900	...	2,322,900	351,400	...	351,400
Deduct—Provincial Deficits charged to "Deposits" . . . . .	...	...	...	66,700	...	66,700	446,700	...	446,700
TOTAL	69,426,633	21,145,627	90,572,260	78,129,400	26,446,800	104,576,200	82,441,900	23,613,500	106,055,400
Railway, Irrigation, and other Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	505,115	6,968	512,083	503,200	1,300	504,500	451,700	15,000	466,700
OUTLAY ON STATE RAILWAYS	1,553,694	318,654	1,872,348	2,416,300	607,100	30,23,400	2,941,400	763,000	3,704,400
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	222,443	21,854	244,297	243,900	6,800	250,700	253,000	13,700	266,700
INDIA'S FINANCIAL CONTRIBUTION TO THE WAR . . . . .	...	...	...	...	100,000,000	100,000,000	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital Outlay	450,036	335,329	785,365	75,400	453,700	529,100	—169,700	803,300	633,600
NET			770,593			521,700			631,600
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for Discharge of Debentures . . . . .	...	75,000	75,000	...	1,082,500	1,082,500	...	2,374,900	2,374,900
NET			0			772,300			2,242,400
Permanent Debt Discharged—									
<i>Sterling Debt—</i>									
British Government 5 per cent. War Loan, 1929-47 . . . . .	...	...	...	...	...	...	...	20,000,000	...
India Bonds . . . . .	...	500,000	...	...	500,000	...	...	500,000	...
India 4 p. c. Stock . . . . .	...	...	...	...	200	...	...	...	...
<i>Rupies Debt—</i>									
5 per cent. War Loan . . . . .	...	...	...	293,300	...	293,300	...	...	...
4 p. c. Loans	80,000	...	...	505,300	...	80,000	...	...	...
3½ p. c. Loans	154,790	...	...	2,098,800	...	...	...	...	...
3 p. c. Loan	54,967	...	...	144,100	...	4,000	...	...	...
TOTAL	289,757	500,000	789,757	3,041,500	500,200	3,541,700	377,300	20,500,000	20,877,300
NET			0			0			877,300
Temporary Debt Discharged—									
Treasury Bills . . . . .	...	...	...	...	...	27,333,300	...	...	...
Other Temporary Loans	4,000,000	9,000,000	...	333,300	...	2,665,700	...	...	...
Total	4,000,000	9,000,000	13,000,000	333,300	...	333,300	30,000,000	...	30,000,000
NET			7,722,183			0			2,666,700
Unfunded Debt—									
Post Office Cash Certificates . . . . .	...	...	...	666,700	...	...	...	...	...
Special Loans	220	...	...	100	...	100	...	...	...
Deposits of Service Funds	93,064	...	...	96,300	...	98,000	...	...	...
Savings Bank Deposits	6,032,531	...	...	7,455,400	...	6,939,800	...	...	...
TOTAL	6,125,815	...	6,125,815	8,218,500	...	8,218,500	7,037,900	...	7,037,900
NET			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments . . . . .	...	...	...	66,700	...	416,700	...	...	...
Deposits of Local Funds—									
District Funds	5,388,742	...	...	5,776,400	...	5,463,300	...	...	...
Other Funds	1,142,666	...	...	1,204,900	...	1,175,200	...	...	...
Gold Standard Reserve	4,033,724	24,316,280	...	1,274,000	33,585,700	...	28,008,300	...	...
Paper Currency Reserve . . . . .	...	46,984,376	...	...	79,267,000	...	91,479,300	...	...
Do. Depreciation Fund . . . . .	...	399,080	...	...	1,224,300	...	1,481,000	...	...
Special Reserve . . . . .	...	...	...	...	20,000,000	...	11,998,100	...	...
Departmental and Judicial Deposits	33,598,366	...	...	37,948,300	...	33,444,100	...	...	...
Advances	8,468,296	3,013,624	...	12,438,800	2,558,200	8,048,700	2,157,200	...	...
Suspense Accounts	9,108,843	...	...	4,185,700	...	73,400	...	...	...
Miscellaneous	23,944	310,625	...	18,500	497,300	...	438,400	...	...
TOTAL	61,764,581	75,023,985	136,788,566	62,913,300	137,132,500	200,045,800	48,651,400	135,562,300	184,213,700
NET			4,595,151			20,178,400			0
Carried over	144,338,074	106,427,417		155,874,800	266,230,900		171,984,900	183,645,700	

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1916-1917.			REVISED ESTIMATE, 1917-1918.			BUDGET ESTIMATE, 1918-1919.		
	India.	England.	TOTAL.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	170,367,190	78,690,462		243,962,100	184,169,300		213,352,000	138,625,700	
Loans and Advances by Imperial Government	330,072	...	330,072	358,300	...	358,300	185,600	...	186,600
NET			2,451			0			0
Loans and Advances by Provincial Governments	1,396,171	...	1,396,171	1,245,100	...	1,245,100	1,069,300	...	1,069,300
NET			585,495			598,400			162,400
Loans to Local Boards for Railway Construction	8,020	...	8,020	40,000	...	40,000	8,700	...	8,700
NET			8,020			0			8,700
Remittances—									
Inland Money Orders	42,013,744	...		48,000,000	...		50,000,000	...	
Other Local Remittances	42,936	...		16,649,100	...		11,834,900	...	
Other Departmental Accounts	16,145	...		...	...		31,600	...	
Net Receipts by Civil Treasuries from—									
Railways	15,847,380	...		20,933,500	...		19,390,500	...	
Net Receipts from Civil Treasuries by—									
Posts and Telegraphs	1,268,318	...		8,926,500	...		4,082,900	...	
Marine	7,796,429	...		7,684,500	...		6,338,900	...	
Military Works	3,292,904	...		3,796,000	...		2,123,700	...	
Military	41,182,880	...		68,163,400	...		78,632,200	...	
Remittance Account between England and India—									
Transfers through Currency Purchase of Silver	14,957,577	...		13,333,300	...		16,347,000	...	
War Office transactions	24,314,635	38,516,104		6,667,000	67,442,000		12,949,100	...	
Railway transactions	703,597	16,966		977,600	40,000		5,834,000	73,834,000	
Other "	8,131,554	7,007,199		3,207,300	19,374,700		1,228,100	6,500	
							3,515,200	11,367,500	
TOTAL	159,568,099	45,540,269	205,108,368	198,338,200	86,856,700	285,194,900	212,303,100	85,208,000	297,516,100
NET			1,651,160			0			2,000,000
Secretary of State's Bills drawn . . . . .	...	(a) 9,669,240	9,669,240	...	(c) 25,258,000	25,258,000	...	...	...
TOTAL RECEIPTS	331,669,552	133,899,971		443,943,700	296,284,000		426,524,700	223,833,700	
Opening Balance	12,016,056	(b) 12,803,348		15,293,216	(d) 11,391,993		15,969,516	(e) 14,036,193	
GRAND TOTAL	343,685,608	146,703,319		459,236,916	307,675,993		442,894,216	237,869,893	

(a) In addition to £4,334,537 and £18,934,318 on account of the Gold Standard Reserve and the Paper Currency Reserve, respectively.

(c) In addition to £1,420,000 and £8,658,600 on account of the Gold Standard Reserve and the Paper Currency Reserve, respectively.

(e) Of this amount £6,000,056 represents the funds of the Gold Standard Reserve.

Government of India, in India and in England—continued.

	ACCOUNTS, 1916-1917.			REVISED ESTIMATE, 1917-1918.			BUDGET ESTIMATE, 1918-1919.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	144,338,074	106,427,417		155,874,800	266,230,900		171,984,900	183,045,700	
Loans and Advances by Imperial Government.	327,621	...	327,621	361,400	...	361,400	246,100	...	246,100
NET			0			3,100			59,500
Loans and Advances by Provincial Governments	810,676	...	810,676	646,700	...	646,700	906,900	...	906,900
NET			0			0			0
Loans to Local Boards for Railway Construction.									
NET	...	...	...	42,000	...	42,000	...	...	...
			0			2,000			0
Remittances—									
Inland Money Orders	41,851,366	...		48,000,000	...		50,000,000	...	
Other Local Remittances	...	...		16,649,100	...		11,834,900	...	
Other Departmental Accounts	6,337	...		...	...		31,600	...	
Net Payments into Civil Treasuries by—									
Railways	15,664,799	...		21,153,500	...		19,390,500	...	
Net Issues from Civil Treasuries to—									
Posts and Telegraphs	1,266,158	...		8,926,500	...		4,082,900	...	
Marine	7,774,838	...		7,684,500	...		6,338,900	...	
Military Works	3,221,843	...		3,796,000	...		2,123,700	...	
Military	41,172,687	...		68,163,400	...		78,632,200	...	
Remittance Account between England and India—									
Transfers through Currency	...	...		...	...		...	16,347,000	
Purchase of Silver	2,827	16,093,978		...	13,500,000		...	12,000,000	
War Office transactions	55,175,547	5,320,891		69,667,000	6,767,000		73,834,000	5,834,000	
Railway transactions	251	720,312		...	1,017,600		...	1,234,600	
Other	8,436,646	6,748,728		17,541,800	6,124,300		10,307,700	3,524,100	
TOTAL	174,573,299	28,883,909	203,457,208	261,581,800	27,408,900	288,990,700	256,576,400	38,939,700	295,516,100
NET			0			3,795,800			0
Secretary of State's Bills paid	(a) 8,342,722	...	8,342,722	(c) 24,760,700	...	24,760,700	2,060,000	...	2,060,000
TOTAL DISBURSEMENTS	328,392,392	135,311,326		443,267,400	293,639,800		431,774,300	222,585,400	
Closing Balance	15,293,216	(d) 11,391,993		15,969,516	(e) 14,036,193		11,119,916	(e) 15,284,493	
GRAND TOTAL	343,685,608	146,703,319		459,236,916	307,675,993		442,894,216	237,869,893	

(b) Of this amount £5,792,631 represents the funds of the Gold Standard Reserve.

(d) Of this amount £6,001,456 represents the funds of the Gold Standard Reserve.

M. M. S. GUBBAY,
Controller of Currency.H. F. HOWARD,
Secretary to the Government of India.

D.—Statement of Revenue, Expenditure and Balances of Provincial Governments.

	Accounts, 1916-17.	Revised, 1917-18.	Budget, 1918-19.
	R	R	R
Madras—			
Balance on April 1st	1,10,02,216	1,52,38,000	1,89,82,000
Special grants from Imperial revenues	24,71,500	28,75,000	34,25,000
Other revenue	7,70,07,188	7,96,45,000	8,08,44,000
Total Revenue including transfers from Imperial revenues	7,94,78,688	8,25,20,000	8,42,69,000
Total Expenditure	7,52,42,984	7,87,76,000	8,37,10,000
Closing Balance	1,52,37,920	1,89,82,000	1,95,41,000
Bombay—			
Balance on April 1st	1,77,00,698	2,71,28,000	3,93,88,000
Special grants from Imperial revenues	20,81,200	24,81,000	27,30,000
Other revenue	7,96,63,216	8,56,24,000	8,75,78,000
Total Revenue including transfers from Imperial revenues	8,17,44,416	8,81,05,000	9,03,08,000
Total Expenditure	7,23,16,714	7,58,95,000	8,68,02,000
Closing Balance	2,71,28,600	3,93,88,000	4,18,44,000
Bengal—			
Balance on April 1st	2,79,19,135	3,39,64,000	3,79,52,000
Special grants from Imperial revenues	35,12,600	44,15,000	49,69,000
Other revenue	6,27,19,436	6,44,37,000	6,46,65,000
Total Revenue including transfers from Imperial revenues	6,62,32,036	6,88,52,000	6,96,34,000
Total Expenditure	6,01,87,132	6,48,64,000	7,36,54,000
Closing Balance	3,39,64,039	3,79,52,000	3,39,32,000
United Provinces—			
Balance on April 1st	1,55,34,726	1,92,44,000	2,44,94,000
Special grants from Imperial revenues	24,28,500	34,42,000	29,17,000
Other revenue	6,77,67,222	6,95,94,000	6,98,72,000
Total Revenue including transfers from Imperial revenues	7,01,95,722	7,30,36,000	7,27,89,000
Total Expenditure	6,64,86,884	6,77,86,000	7,19,32,000
Closing Balance	1,92,43,564	2,44,94,000	2,53,51,000
Punjab—			
Balance on April 1st	63,54,888	1,22,75,000	1,85,53,000
Special grants from Imperial revenues	15,22,400	27,90,000	17,80,000
Other revenue	5,02,46,217	5,14,66,000	5,30,21,000
Total Revenue including transfers from Imperial revenues	5,17,68,617	5,42,56,000	5,48,01,000
Total Expenditure	4,58,48,710	4,79,78,000	5,46,61,000
Closing Balance	1,22,74,795	1,85,53,000	1,86,93,000
Burma—			
Balance on April 1st	83,52,055	1,17,80,000	1,32,62,000
Special grants from Imperial revenues	9,93,800	12,94,000	14,44,000
Other revenue	5,83,39,875	5,86,30,000	5,93,25,000
Total Revenue including transfers from Imperial revenues	5,93,33,675	5,99,24,000	6,07,69,000
Total Expenditure	5,59,05,867	5,84,42,000	6,09,76,000
Closing Balance	1,17,79,863	1,32,62,000	1,30,55,000
Bihar and Orissa—			
Balance on April 1st	1,42,99,955	1,48,01,000	1,38,00,000
Special grants from Imperial revenues	14,63,500	18,89,000	21,59,000
Other revenue	3,03,96,954	3,08,27,000	3,25,63,000
Total Revenue including transfers from Imperial revenues	3,18,60,454	3,27,07,000	3,47,22,000
Total Expenditure	3,13,59,459	3,37,08,000	3,67,16,000
Closing Balance	1,48,00,950	1,38,00,000	1,18,06,000
Central Provinces—			
Balance on April 1st	1,00,64,032	1,26,35,000	1,39,49,000
Special grants from Imperial revenues	9,14,000	12,99,000	12,24,000
Other revenue	2,93,61,362	2,99,04,000	3,07,90,000
Total Revenue including transfers from Imperial revenues	3,02,75,362	3,12,03,000	3,20,14,000
Total Expenditure	2,77,04,121	2,98,89,000	3,24,94,000
Closing Balance	1,26,35,273	1,39,49,000	1,34,69,000
Assam—			
Balance on April 1st	19,97,779	21,20,000	26,97,000
Special grants from Imperial revenues	4,47,500	5,48,000	6,48,000
Other revenue	1,41,09,770	1,47,07,000	1,52,61,000
Total Revenue including transfers from Imperial revenues	1,45,57,270	1,52,55,000	1,59,09,000
Total Expenditure	1,44,34,836	1,46,78,000	1,57,00,000
Closing Balance	21,20,213	26,97,000	29,06,000
Total—			
Balance on April 1st	11,32,25,684	14,91,85,000	18,30,27,000
Special grants from Imperial revenues	1,58,35,000	2,10,24,000	2,12,96,000
Other revenue	46,96,11,240	48,48,34,000	49,39,19,000
Total Revenue including transfers from Imperial revenues	48,54,46,240	50,58,58,000	51,52,15,000
Total Expenditure	44,94,86,707	47,20,16,000	51,66,45,000
Closing Balance	14,91,85,217	18,30,27,000	18,15,97,000
Total (in sterling)—	£	£	£
Balance on April 1st	7,548,379	9,945,600	12,201,800
Special grants from Imperial revenues	1,055,667	1,401,600	1,419,700
Other revenue	31,807,416	32,322,300	32,928,000
Total Revenue including transfers from Imperial revenues	32,363,083	33,723,900	34,347,700
Total Expenditure	29,965,781	31,467,700	34,443,000
Closing Balance	9,945,681	12,201,800	12,106,500

M. F. GAUNTLETT,

Offg. Comptroller General.

DELHI,

FINANCE DEPARTMENT,

March 1, 1918.

M. M. S. GUBBAY,

Controller of Currency.

H. F. HOWARD,

Secy. to the Govt. of India.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.		ACCOUNTS, 1916-1917.				REVISED ESTI- MATE, 1917-1918.		BUDGET ESTI- MATE, 1918-1919.	
		EXPENDITURE.			Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.
		Revenue.	Refunds and Assign- ments.	Cost of Collection and Pro- duction.					
Revenue Heads.		£	£	£	£	£	£	£	£
Principal Heads of Revenue	Land Revenue (excluding that due to Irrigation) . . .	22,041,265	778,832	3,813,133	17,449,300	17,534,300	17,552,200		
	Opium	3,160,005	3,584	912,394	2,244,027	1,949,700	1,933,900		
	Salt	4,826,260	264,096	398,186	4,163,978	4,711,100	2,695,100		
	Stamps	5,776,696	57,192	173,466	5,546,038	5,437,800	5,676,100		
	Excise	9,215,899	109,818	478,632	8,627,449	9,440,000	9,738,000		
	Provincial Rates	31,391	313	...	31,078	28,300	28,900		
	Customs	8,659,182	265,799	271,164	8,122,219	10,541,000	10,132,800		
	Income Tax	3,772,967	33,594	37,112	3,702,261	5,980,800	6,209,200		
	Forest	2,470,795	8,676	1,251,765	1,210,354	1,288,900	1,161,800		
	Registration	540,581	757	263,761	276,033	262,000	268,300		
	Tributes	612,429	206,394	...	406,035	409,600	406,900		
	TOTAL	61,107,470	1,729,055	7,589,613	51,778,802	57,633,500	55,804,200		
Total deduction from Revenue			9,328,668						
Expenditure Heads.									
Debt Services	Interest	1,136,504	1,174,864		33,360		5,552,200		4,231,700
	Posts and Telegraphs . .	4,174,607	3,441,387		733,220	893,100	851,400		
Commercial Services	Railways	21,313,797	13,831,922		7,481,875	10,174,800	9,201,700		
	Irrigation	5,155,624	3,549,912		1,005,712	1,445,200	1,391,700		
Other Public Works	Civil Works, etc.	309,373	4,618,535		4,309,162		4,791,600		5,640,700
Mint	Mint	689,866	167,411		522,455	350,900	206,000		
Civil Depart- ments	Civil Departments . . .	1,739,713	19,081,230		17,341,517	18,995,000	21,036,900		
	Superannuation	219,865	3,475,700		3,255,835	3,295,500	3,367,200		
Miscellaneous Civil Services	Exchange	111,371	...		111,371	1,000,000			
	Miscellaneous	420,260	671,050		250,790	291,900	269,200		
	Other heads	96,034	1,267,522		1,171,488	1,288,300	1,261,500		
Famine Relief and Insurance	Famine Relief . . . . .	...	187,617		187,617	6,500	40,400		
	Other heads . . . . .	...	812,383		812,333	993,500	953,600		
Military Ser- vices	Army { Effective	993,194	21,221,694		20,238,500	23,550,000	23,635,600		
	Army { Non-effective . . .	122,324	3,038,309		2,915,985	3,004,200	3,011,200		
	Marine	365,927	693,680		328,653	435,000	651,700		
	Military works	95,401	1,594,538		1,499,137	1,782,300	1,701,500		
	Special Defences (1902) .	...	18,536		18,536	10,400	...		
	TOTAL	93,050,430	88,174,958		9,875,472	8,081,300	2,136,200		
Provincial Ad- justment	Surplus		2,397,302		2,397,302		95,300		
	Deficit . . . . .		...			2,256,200			
	TOTAL	98,050,430	90,572,260		7,478,170	5,825,100	2,291,500		
Capital Account	Surplus			7,478,170		5,825,100	2,291,500		
	Railway, Irrigation and other Capital not charged to Revenue :—								
	Capital raised through Companies towards outlay on State Railways					—500,000	250,000		
	Capital contributed by Native States towards construction of State Railways			66,667		66,700	33,300		
	Capital raised and deposited by Railway Companies . (net) . .			555,431		772,300	2,242,400		
	Outlay on Irrigation Works				512,033	504,500	466,700		
	Outlay on State Railways				1,872,343	3,023,400	3,704,400		
	Initial outlay on new Capital at Delhi				244,297	250,700	266,700		
	India's financial Contribution to the War					100,000,000			
	Outlay of Railway Companies (net)				770,593	521,700	631,600		
	Permanent Debt (net)			4,433,691		68,943,800	877,300		
	Temporary Debt (net)				7,722,183	47,537,900	2,666,700		
Debt, Deposits, Advances, and Remittances .	Unfunded Debt (net)			1,474,857		9,383,200	1,215,300		
	Loans and Advances by Imperial Government (net) .			2,451					
	Loans and Advances by Provincial Governments (net)			585,495		598,400	162,400		
	Loans to Local Boards for Railway Construction (net)			8,020			8,700		
	Deposits and Advances (net)				4,595,151	20,178,400	3,912,800		
	Remittances (net)			1,651,160		3,795,800	2,000,000		
	Secretary of State's Bills drawn			9,609,240		25,258,000			
	Secretary of State's Bills paid				8,342,722	24,760,700	2,060,000		
Cash Balance				25,925,182	24,059,377	157,133,100	153,812,600	9,374,000	12,975,800
	Opening Balance			24,819,404		26,685,209		3,005,709	
	Closing Balance				26,685,209		30,005,709		26,404,409
	TOTAL			50,744,886	50,744,886	183,818,309	183,818,309	39,379,709	39,379,709

M. F. GAUNTLETT,
Offg. Comptroller-General.M. M. S. GUBBAY,
Controller of Currency.H. F. HOWARD,
Secretary to the Government of India.DELHI,
FINANCE DEPARTMENT,
March 1, 1918.

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Speech of the Honourable Finance Member

INTRODUCING THE FINANCIAL STATEMENT FOR 1913-14.

Introductory.

I rise to present the Financial Statement for 1913-14. For the information of those Members who are new to the Council, I may state briefly the procedure to be followed. To-day there will be no debate, but beginning with the 7th March dates will be allotted for the detailed examination of my proposals and the discussion of any Resolutions that may be moved regarding them. Subsequently I shall have to consider what modifications are necessary, either in the light of our discussions or of later information which may become available. The Budget in its final form will be presented on the 20th and the final debate will begin on 24th March.

2. This is the fifth occasion on which the duty has fallen on me of reviewing the finances of India, and it is my good fortune that for a third time I am in a position to bear witness to the material well-being of this country. A year ago I framed my estimates on the assumption of a year of normal seasons and trade, and promising as the outlook may be, that is, in my judgment, the most favourable assumption which in the circumstances of India can be made with prudence. In looking back now over a period, the happenings of which it was then my duty to forecast, I shall have to describe a large improvement on our original estimates. The year that is drawing to a close has proved to be one of prosperity and of plenty, the results of which have easily outrun anticipations consistent with the principle of caution which I have suggested as necessary in our financial prognostications. But there is a shadow in the financial sunshine. While contemplating the general prospects a year ago as excellent, I said the uncertainties of the opium revenue still hung over us. The difficulties which I had then in mind have since then become acute, and we are faced with a loss of revenue which affects materially our financial arrangements in the coming year.

3. I propose in the first place to sketch the main features, agricultural and commercial, of the current year. The year opened well, for the winter rains, beginning in January, had been normal and timely, and the only thorn on the harvest rose was the distress in Kathiawar and some parts of Bombay, where famine, due to insufficient rainfall in the preceding year, had been declared. In the hot weather the auguries were unfavourable. A series of disturbances of the cold weather type continued to pass into India, delaying the establishment of the usual hot weather conditions, and in May there was an almost complete absence on the west coast of the irruptions of ocean winds which herald the advance of the monsoon. Thus the rains were late in beginning and were not established fully in the interior until the 10th of July. Their duration also was unusually short. In September they were very fitful, and they retreated from Northern and Central India a fortnight before the usual date. Stated in this way the history of the most important months in the year from the agricultural point of view may seem disappointing. For four weeks however from the time when it spread over Northern India the monsoon continued in abnormal vigour and yielded abundant rain. A beneficial break of ten days followed, and in the end of August and beginning of September the rain bearing currents again spread over India. For India as a whole the rainfall was little below normal, and, what is of more importance it was well distributed, no tract showing a very large deficiency. It is true that in Bengal and the eastern districts of the United Provinces, the early close of the rains was the cause of no little damage, specially to the rice crop and in portions of the Bombay Déccan the want of rain was severely felt. But there is never a monsoon that can be said without reservation to satisfy our ideals. At the end of November a rain bearing depression, which may justly be termed providential, traversed precisely those parts of the country where rain was needed. In the Bombay Presidency famine relief continued till October, and in three districts small numbers of people are still in receipt of gratuitous relief. In the United Provinces scarcity has been experienced in Mirzapur and a part of the Domains of the Maharaja of Benares, but with small exceptions the retrospect agriculturally is satisfactory. For the winter season we may

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now anticipate an auspicious close. December, January and two weeks in February went by with scarcely a cloud, and we were beginning to despond when the atmospheric conditions changed and the rain was sent to us, welcome all the more because it had been so long delayed.

4. From the cause, in the seasons, we may turn to the effect in the harvests. The wheat crop of 1911 constituted a record which it would be difficult to equal ; but the crop of 1912, if inferior to its predecessor, was in respect both of area and outturn very greatly better than the normal ; in the United Provinces, one of the two chief wheat-producing provinces, the outturn indeed exceeded even the harvest of 1911. Rice had also been good ; whilst of the other export staples, cotton had on the whole a favourable season except in parts of the Bombay Presidency and Hyderabad, and its total outturn was estimated at no less than 40 per cent. better than in the preceding year. The area under sugarcane has increased and the outturn is expected to be good ; whilst jute has also shown considerable improvement. This year's rice crop has suffered to some extent in parts of Bengal and the United Provinces, but elsewhere the season has been not unfavourable and the outturn, though not up to that of 1911-12, should be considerably above the normal average of preceding years.

5. From this review of the agricultural reports I proceed to consider in the trade returns a more definite and statistical test of the year's prosperity. The results are striking. The value of our exports, I said last year, had been the highest on record, but the merchandise we have sent abroad between April and December 1912 exceeded in value by $17\frac{1}{2}$ crores the corresponding exports of 1911. There was a considerable falling off in the case of linseed and raw cotton, but a great trade was done in grain, wheat, rice and barley ; the exports of jute increased by 3 crores, and of hides and skins by $1\frac{1}{2}$ crores. Nor was the improvement only in raw material ; there was a very substantial advance in jute fabrics, in cotton twist and yarn and in tea. How the balance of trade was adjusted I shall show later on. At present I am concerned with merchandise, and under this head I note that our imports also in nine months have exceeded those of the previous year by $14\frac{3}{4}$ crores. In 1911-12 imports were active in April and May and then eased off in the ensuing four months, as if waiting, I said, upon the monsoon. In 1912-13 the same general tendency is observable ; but the activity of April and May was greater and the comparative slackness in the following months less marked than in the preceding year. In the commodities for which we indented on other countries in exchange for our exports, half the increase roughly consisted of textile materials and fabrics generally, and piece-goods in particular ; but there have been large increases also of sugar, hardware, machinery, iron and steel and railway plant. Combining both the inward and outward currents of trade, the value of our total seaborne commerce in merchandise during the first nine months of the year amounted to some 296 crores as against 264 crores in the preceding record year. The range of prices has doubtless been high, but I do not know that it is higher than in the preceding year, or consequently that the comparison I have drawn is misleading as an indication of the volume of trade. We know at any rate that railway traffic has been extremely active and on every side there are plain indications of a continuance of the progress and prosperity of the country.

Revised Estimate of 1912-13.

6. The effect of the conditions I have outlined is written large across our figures. The Budget for the current year was prepared for a revenue, Imperial and Provincial together, of £79½ millions ; according to the latest revision of the estimate we now anticipate that we shall receive £87 millions, an improvement of £7½ millions, of which £5 millions will be secured from Opium and Railways. The aggregate expenditure we think will exceed by only £171,000 that provided in the Budget. Of the net improvement, as will appear even from the figure I have just given for Opium and Railways, the great bulk has accrued in the Imperial account. Out of our revenues however we have distributed large grants to Provinces. After allowing for these grants, the surplus we retain is £3,362,000 as against a surplus anticipated in the Budget of £1,478,000.

Opium Revenue.

7. The position in regard to opium is as follows. The trade with China in Indian opium is governed by the agreement of 8th May 1911, the object of which was to assist the suppression of opium smoking in China by cutting off gradually the Indian supply. The trade, it was contemplated, would cease in 1917 ; but provision was made for its earlier termination on proof of the extinction of production in China

of the indigenous drug. The taxation of foreign and native opium was to be equalised. All restrictions on the wholesale trade in our opium were to be withdrawn, but the stipulations of the Treaty were not to derogate from the force of any ordinances then existing, or which the Chinese Government might in future pass to regulate the retail trade or suppress opium smoking. The Manchu Government gave convincing proof of its sincerity and of its ability to enforce anti-opium measures, and several of the Chinese Provinces were under the terms of the Treaty closed to Indian opium. With the revolution there was undoubtedly a recrudescence of poppy cultivation and an unwarranted interference with the trade in Indian opium. Presently however the central Government asserted itself. Not only were Presidential decrees issued enacting the severest penalties against opium cultivation, but it was ordained that opium smoking was to cease entirely by a given date. The campaign against cultivation had extended to a campaign against consumption.

8. The policy of the Government of India has throughout been correct and simple. We had in our agreement with China a programme of sales from year to year and we have adhered to it. Yet we have had strong inducements to vary our course. The operations of the Chinese authorities would frequently have justified us in denouncing the Treaty or declining to make the further reductions of sales for which the Treaty provided. We were sincerely anxious however to help China towards a great reform. We have not insisted on the letter of the law. None the less we have steadily resisted pressure which from time to time has been brought to bear on us to effect reductions in our sale programme which would have been arbitrary and premature. Applications for the suspension of sales are no new feature in the opium trade. We were familiar with them before any restrictions were placed on exports to China, and their object was obviously to confer the advantages of a strict monopoly on those who happened at the time to be in the possession of opium. This we have properly and consistently refused to do. The action of the Republican Government in China, however, created an entirely new situation. It stopped the outlet for Indian opium. As soon as the situation declared itself, I went to Bombay and met the opium merchants, whose frank and forcible presentation of their case I wish to acknowledge. I made myself thoroughly acquainted with the whole outlook. The representations of the merchants were confirmed by the course which events had taken. In Shanghai and Hongkong which are the markets of our opium in China, trade was reported to be at a standstill. There were no sales or deliveries, and in India at the December auction the price of Malwa opium had dropped to Rs. 722 a chest as against Rs. 1,666 obtained in November and Rs. 2,443 in August.

9. The situation was radically different from any with which we had as yet been called on to deal, and the Government of India took prompt action. With the sanction of the Secretary of State we did four things. The sales of opium for China could not be stopped immediately, as a variation in the programme of the year cannot be made without three months' notice, but we suspended sales from the earliest date which this condition allows. Meanwhile we imposed an upset price which practically resulted in an immediate suspension of such sales. We reduced the quantity of opium to be sold in 1913 for export to non-China markets with the desire to reduce smuggling into China. And lastly, though we had no obligation in the matter, we agreed to buy from the Malwa States the amount of opium by which their exports to China in 1913 may in consequence of this decision fall short of the number of chests which had been assigned to them in our programme.

10. So much for the past. The Government of India clearly have had to deal with a situation created for them and for which they were not responsible. All that it was in their power to do has been done by them. For the future neither I nor anyone else can prophesy, but we cannot conceal from ourselves that China has set herself a task which experience proves to be one of the greatest difficulty—the enforcement of a morality possibly too advanced for popular acceptance. We have dealt generously with China and we have a claim on her for fair treatment. Her reputation for probity stands high among the nations. The Chinaman's word, it is said, is his bond. The new Republican Government, which has yet to establish its position in its own country and in the world at large, will doubtless be jealous in a peculiar degree of its honour and will be actuated by the same spirit of equity and fair dealing which has characterised the policy of the Government of India.

11. In the current year the effect of these events on our revenues has been comparatively small. In the case of Malwa opium I may explain that our receipts consist

of a share, first of a fixed pass duty, and secondly of the amounts bid at the auctions for the right of export. For the payment of these bids the merchants are allowed three months' grace, so that the proceeds of sale subsequent to December would in any case have been credited in the coming financial year. As far as the current year is concerned, the revenue from sales of certified opium in January-March would not have exceeded £400,000. On the other hand, as I have said, in earlier months prices were exceedingly high, and the results for the year as a whole are accordingly much above the Budget estimate. The improvement in fact under Bengal opium has been £1,198,000 and under Malwa opium £224,000. This portion of our revenues we propose to treat exactly as in previous years. To enable us to deal systematically with our opium windfalls we fixed in advance some time ago a series of standard figures to represent year by year the revenue which we might expect from our diminishing trade under normal conditions; so much was to be treated as current revenue, while the surplus revenue received, if any, was to be specially treated. For the current year the standard figure is £3,600,000. Our actual revenue is likely to be £5,063,000, so that there is an excess of £1,463,000. Of this sum two-thirds will be retained in our surplus for the discharge of temporary sterling debt. The discharge of India Bills, of which £4½ millions were still outstanding at the time of the last Financial Statement, has been completed; but we have to pay off next year £1¼ millions railway debentures and meet an instalment of £500,000 for the discharge of short-term bonds. The remaining third, which amounts to about £460,000, we propose to distribute in grants for hostels and universities.

Ordinary Revenue.

12. Having reviewed the opium position, I pass to a consideration of our ordinary revenue. Excluding opium, the improvement shown on a comparison with the Budget is £6,191,000, the great bulk of which has been contributed by our railways. In making my estimate under this head, I was cautious and it would ill-befit, in my judgment, a Finance Minister in this country to be otherwise; but I think the most irresponsible critic would have hesitated to predict that the development of traffic would prove so enormous as to constitute a crisis in railway management. The gross earnings have been almost £4½ millions above the estimate. The net improvement is less, because, we have had, of course, to distribute more in the shape of surplus profits paid to companies, and because working expenses have naturally increased. Against the £4½ millions growth in earnings however the increase in working expenses has not been more than £600,000. The percentage of working expenses has been brought down to 49·3, which is a lower figure than has been shown for the last five years. The net receipts are £3½ millions better than the Budget. Apart from railways therefore, I have to account for an improvement of £2½ millions. Over a million of this improvement has been secured under the purely Imperial heads of Customs, Mint, Post Office and Telegraph, and Exchange. Under Customs, I find that out of a total increase of £586,000, £353,000 are accounted for under cotton manufactures, manufactured articles and export duties; the first two heads showing the influence of a prosperous year, while under the third the rise in revenue was due to a large demand for rice from other countries, which led to exports not only from Burma but from Bengal. Silver, the imports of which were heavy throughout the year, brought us about £160,000 more than we had anticipated and the revenue derived from sugar was also high. Of a large increase of £326,000 under Mint, the greater part is due to the resumption of rupee coinage, which could not be allowed for in the Budget. Before the profits on coinage are transferred to the Gold Standard Reserve, a charge is made for manufacture, which is credited to the Mint, and the sum thus shown in the current year is £214,000. Finally, so far as these Imperial heads are concerned, the Post Office and Telegraph Department has given us £118,000 more than our forecast, as the result no doubt of active trade and general prosperity, and the same general conditions have credited us with £109,000 under the head of Exchange. Under the shared heads of Stamps and Excise, we have divided with the Provinces an increased revenue of nearly £450,000 and Irrigation receipts also have been better in the aggregate by £442,000.

13. The description I have given of the improvement in our revenues will have impressed on the Council the fact that much the greater portion of it has accrued in the Imperial account. We do not propose however to retain all that has come to us; we intend to make the provinces partners in our good fortune. The distribution of

my surplus has given me much anxious thought. I have a large sum of money to dispose of; we are unlikely to have again, for some time, a margin anything like so large as in the present year, and it is all the more necessary to be careful in the distribution of what is in our hands. I state the principle of our decisions very briefly. There are certain relatively small requirements which we intend to meet; but the bulk of the money will go in grants to secure a steady progress in education and sanitation, an object which has the support of both official and non-official opinion. We propose to make the following distribution of funds:—

2½ crores for non-recurring expenditure on education.

1½ crores for urban sanitation.

30 lakhs to Burma for communications.

20 lakhs to Assam for development.

1 crore in aid of general provincial resources.

The last mentioned grant will be distributed at the rate of 12 lakhs to each of the larger Provinces, and 8 lakhs each for the smaller Administrations, and will not be earmarked for any one purpose. It will be devoted to such schemes as each Local Government may deem to be most necessary in view of varying and special requirements. Our ability to make these grants secures important advantages. From the Imperial point of view, they are an anticipation of future liabilities. We have these demands; we might in ordinary course meet them over a more extended period; but we may well doubt whether in the next few years we shall have funds available for distribution, and we take the opportunity, which fortunately presents itself, of paying our contribution in advance. From the point of view of the Provinces, there is a great gain in stability; they are secured in the prosecution of improvements of the most important kind against the fluctuations of Imperial finance. They are, we are assured, ready for the distribution. The great attention which has been paid in recent years to the needs of sanitation and education has led to a systematic review of requirements and preparation of projects generally. So long as there is uncertainty as to the amount that will be available from year to year, progress must be fitful and uneconomical. But now, when they find themselves secured in the possession of substantial sums, the Provinces will be able to make out and adhere to well-considered programmes of development and the systematic application of funds which will thus be possible will certainly make for economy and efficiency.

Expenditure.

14. About the expenditure of the current year I have little to say. I have already mentioned that in the aggregate it is £171,000 more than in the Budget. Provinces have spent £171,000 less than they anticipated, but there is an increase of £342,000 in Imperial charges. The Provincial decrease is accounted for by the inability of Local Governments to spend the full amounts provided. In the Imperial section the important variations are increases of £398,000 under Civil Works and £570,000 under Military services. The rise in Civil Works charges is accounted for by the debit, to the revenue head, of the construction of temporary accommodation for the Government of India at Delhi. In the Military estimates, the additions have been of an obligatory nature; for instance, the increased outlay on food supplies caused by higher prices, the cost of surveys on the North-East Frontier, larger expenditure on the arms traffic operations in the Persian Gulf, and similar items. On the other hand the special allotment made for protective irrigation works outside the Famine Insurance Grant has not been used and there is a large decrease of £480,000 shown under the Education head. This decrease however is nominal. In the Budget a reserve of £528,000 was entered under this head for subsequent distribution. As the distribution has proceeded, grants have been made by assignments diminishing Imperial revenues, and Imperial expenditure has been correspondingly reduced.

Delhi Expenditure.

15. I have completed my review of the current year and proceed to an explanation of the Budget for the ensuing year; but before I do so, there is one subject on which I wish to say a few words, and that is Delhi expenditure. In the discussion which took place in the Council last year, I gave an undertaking that this expenditure would be separately and carefully accounted for, and I own to a feeling of surprise and some indignation that suggestions should subsequently have been made, and they have been made, that the Government of India would countenance a

departure from the pledge then given. It is evident that all expenditure of whatever kind connected with the transfer of the Imperial capital to Delhi, could not conveniently or properly be brought under a single head in our accounts. There is, for instance, the administrative expenditure of the new Imperial Province which must be accounted for in appropriate sections as on account of police, law and justice, and so on. Again we have to build a new cantonment, the cost of which can with propriety be shown only in the Military Estimates. Similarly if a diversion of a railway line is found necessary, it must be charged to Railways. The cost of our temporary buildings further, as I have already mentioned, we have charged, under the advice of the Comptroller General, to the revenue expenditure head, Civil Works, and not to the new head of capital expenditure which we have opened for the new Imperial City. I make this explanation because I am anxious that there should be no possibility of misconception on the subject, and I would add that, while the expenditure has of necessity been entered under more than one head in the accounts, care has been taken to make it readily available by prescribing that in each case it should be kept apart under a sub-head of its own. I have arranged further, for the convenience of Hon'ble Members, that all the relevant items of expenditure should be brought together in a comprehensive *pro formâ* account, and this arrangement will be continued year by year so long as it may be necessary. The form of this account and details regarding it will be found in the memorandum by the Financial Secretary, and I need only mention that the cost of temporary Delhi in the current year will probably be just under 50 lakhs. The discussion of the numerous questions of the first importance involved in the inception of a task of such magnitude has delayed the beginning of the permanent city, and the amount charged to the capital head in the current year is only £155,000, which represents for the most part the cost of land acquisition. We shall soon be in a position however to proceed with the work energetically, and Honourable Members will find that a provision of 2 crores has been made in the capital account for this purpose in the ensuing year.

Budget Estimate for 1913-14.

16. I now come to a new page in our financial history and open the Budget for the year 1913-14. It will be clear that in one matter of grave importance our position has been weakened since I had to undertake the same task a year ago. I referred on that occasion to the uncertainties of our opium revenue; but now we are face to face with a calculation of actual loss. As regards our other sources of revenue, I do not propose to depart from the principle, which I consider to be the right one, of cautious estimating. Indeed it might be said that with every year of prosperity the probability of an approaching reversal of fortune, of unfavourable seasons and trade depression, increases, and that the need for caution is greater therefore now than on previous occasions when I have laid my Budget before the Council. At the same time I have no intention whatever of letting my estimates be influenced by vague forebodings. I hold to what I said two years ago, namely, that in Indian budgeting the only reasonable rule of conduct is to assume that a period of prosperity, once it is established, will continue until we have some clear warning of impending change. At present, apart from opium, our prospects are bright, and in making my estimates I have given full weight to this consideration. Proceeding with these principles in my mind, the calculations I have made give for next year a probable revenue in the aggregate, Imperial and Provincial, of £82,322,000. The aggregate expenditure for which provision is made is £83,850,000. There is thus a difference of £1,528,000, which is distributed in this manner; there will according to our anticipations be an Imperial surplus of £1,311,000, but a deficit of £2,839,000 in Provincial Budgets.

Revenue.

17. I proceed to state the salient facts and figures which lead up to these general results, and in the forefront must be put our opium revenue. Circumstanced as we are to-day, it would be out of the question to build on any anticipations of revenue from certified opium in the coming year. I will not despair of a revival in the opium trade which would restore to us in whole or in part the loss which at present faces us; but it would be wrong, as matters stand, to take into account and make available for expenditure any revenue the receipt of which is so problematical. Further the sales of uncertified opium in the present calendar year have been reduced from 13,200 to 9,000 chests. Accordingly all that I can budget for under the opium head is the value of 9,000 chests of uncertified opium at the moderate price of

Rs. 1,800 per chest or £1,030,000 *plus* £365,000 for excise and miscellaneous receipts, or a total of £1,445,000. The decrease, as compared with the probable receipts of the present year, is no less than £3,618,000.

18. In the next place, as one of the dominant factors in our Imperial finance, I turn to railways. We are increasing the working expenses next year by £ $\frac{1}{2}$ million in view of a larger Railway programme, which involves some addition to revenue as well as to capital expenditure, but against this increase on the expenditure side has to be set a decrease of a quarter of a million under payments of surplus profits, which is the result chiefly of the adoption of the financial in place of the calendar year for the distribution. As regards Railway revenue, my estimate is possibly optimistic; it is that the gross receipts in 1913-14 will be £36,754,000 as against the £37,067,000 which we hope to obtain in the current year. In arriving at this estimate I have attempted to hold the balance even between two sets of considerations. No doubt if the present wave of prosperity lifts us a little higher, my estimate will be exceeded. On the other hand the net railway revenue of the current year, according to our estimates, will be £2 $\frac{1}{2}$ millions above the revenue of 1911-12; there was an improvement of £2 millions in 1911-12, as compared with 1910-11 and the figure of 1910-11 was nearly £1 $\frac{1}{2}$ millions higher than the figure of 1909-10. We may well ask whether the curve is going any higher. When a time of depression comes, there will be a very different tale to tell. In 1907-08 there was a drop of about £ $\frac{1}{2}$ million, in 1908-09 a drop of £2 $\frac{1}{2}$ millions. It is easy to be wise after the event, and should fortune once more favour us you may say I was unduly cautious. But I claim to be judged by present prospects, and on the facts I have put before you I am of opinion that no prudent minister would frame an estimate higher than that which I have indicated.

19. An item which requires special mention is the abolition of the appropriations at present made from the land cess in certain provinces. The matter is one which I shall have to explain in some detail, but for the moment, dealing with the revenue account I note that the effect will be that the receipts in 1913-14 under provincial rates and contributions from district boards will be £557,000 less than in the current year.

20. Apart from Opium and Railways, and the appropriations just mentioned, the improvement in revenue which I anticipate is £105,000. The amount would be larger, but for certain reductions which are forced upon me. I cannot arrange for our capital expenditure without a large reduction of our balances, and the estimate of interest receipts in consequence is diminished by £177,000. Again the Mint receipts go down in my forecast by £291,000 because I cannot repeat the item which appears in the accounts of the current year for seigniorage on coinage of rupees. Under Customs also I am bound to take into consideration the rise in the price of silver as likely to affect imports, and, guided by the experience of years when the price was equally high, I must reduce the estimate of receipts from the duty on silver by £160,000. The exports of rice further in the current year have been very large, and a normal estimate for 1913-14 gives a decrease of £102,000 under export duties. Under other heads however I have raised the estimate of customs receipts by £140,000, which is as much as the advance in revenue in the last two years will justify. In other departments also, I take recent experience as my guide, and I advance the revenue from Post Office and Telegraph by £151,000, from Excise by £243,000 and from Stamps by £136,000. Land Revenue also is likely to give about £155,000 more in the aggregate, in consequence chiefly of better collections in Bombay. The result of these and other less important variations is an improvement of £248,000 in the Provincial account and a deterioration of £143,000 in the Imperial account. But we propose from Imperial revenues to make grants, which I shall presently describe, to Provinces amounting to £1,198,000. This compares with non-recurring grants we are making this year of £4,545,000. Thus to sum up, the Imperial revenue account will be £3,618,000 worse under Opium; £594,000 worse under Railways; and £143,000 worse under other heads; while alienations of revenue will be £3,347,000 less. On the whole there is a deterioration of about one million.

Expenditure.

21. The aggregate expenditure I advance from £79,604,000 in 1912-13 to £83,850,000 in 1913-14. The provinces anticipate that they will spend £3,203,000 more than in the current year, the great bulk of the increase being accounted for under education, sanitation and public works. In the Imperial section there appears an

increase of £1,043,000. More than half of this increase is accounted for by the expenditure of £560,000 which we propose to incur for the purchase of Malwa opium. Under Civil Departments we have added £132,000 for so much of the grants which we are making for education and other beneficial objects as we need for Imperial outlay in minor administrations or as a reserve for subsequent distribution. A sum of £109,000 has been allotted for Protective Irrigation works outside the Famine Insurance grant. There is an increased provision of £131,000 under Post Office and Telegraph which is due for the most part to the requirements of wireless stations. The administration of the Province of Delhi will, we think, involve an increased expenditure of £60,000. In view of various urgent projects we have agreed to raise the grant for Imperial Civil works by £189,000, but there is a decrease of £300,000 under temporary buildings for Delhi.

Grants to Provinces.

22. The grants for education, relief of cess and other beneficial services, which I have mentioned, are not the least interesting feature in the Budget. When presenting the Financial Statement last year, I said that as in view of expenditure on the new capital at Delhi we should now have three sections in our annual capital programme instead of two, we might reasonably enlarge the conventional figure of a crore which we have generally endeavoured to secure as our revenue surplus. In spite of the loss of opium revenue I find myself in a position to follow this policy, and I have framed my Budget on the basis of a 2 crore Imperial surplus. In spite of the loss of opium revenue, I find it is possible not only to avoid the imposition of new taxation, not only to maintain the present standard of expenditure but to provide a substantial contribution to meet the ever-growing needs of the country. Those needs are multifarious; some are conspicuous and urgent. Education and Sanitation are twins of a phenomenal development. There is agriculture. There is the question of medical attendance and relief. Last but not least, unless we ignore the political organization of the country, there is the development of local self-government. For these interests, we have made due provision. We allot 1 crore for recurring expenditure on education and sanitation, distributing 85 lakhs to the major provinces, assigning 7 lakhs as Imperial expenditure and retaining a reserve of 8 lakhs. We add 10 lakhs to the provision for agricultural expenditure; we allot 10 lakhs for medical relief,—15½ out of these 20 lakhs being distributed among the major provinces. These grants require no explanation and I would only say that the recurring grant for education supplements and adds to the value of the large non-recurring grant for the same purpose which we are giving in the current year.

23. Finally we propose to make assignments to Local Governments to enable them to forego the amounts which at present are appropriated for Provincial use from the cess on land. This matter requires explanation. The cess I have mentioned is levied in all Provinces generally at the rate of 5 or 6¼ per cent. on annual value. In Bombay, Madras and the Central Provinces the entire proceeds go to Local Boards. In Bengal and Bihar, however, a one-anna cess is divided into two half-anna portions and while one of these, the "road cess," goes to District Boards the other, the "public works cess" is credited to Government. In the Punjab and the North-West Frontier Province, District Boards have to make a contribution of nearly 20 per cent. of the land cess to Provincial revenues for "General services." In the United Provinces also there are large appropriations though they have a different form in the two portions of the Province. In Agra there is a land cess of 5 per cent. of which about a third is taken by the Local Government to cover the cost of rural police; in Oudh the general cess which goes to District Boards is at the rate of 2½ per cent. only of the annual value while a rate of 3 per cent. is levied separately on account of the cost of village police. The Council will remember that last year a resolution was moved by the Hon'ble Mr. Gokhale recommending the appointment of a Committee to enquire into the resources of local bodies. I had to oppose that resolution because the appointment of a Committee did not appear to be necessary or desirable; but I made it plain that the object of the resolution was one with which Government were in accord. The development and encouragement of Local Self-Government is indeed an object as to the desirability of which all are agreed, and it is with this object in view that we desire to increase their resources by abolishing the appropriations which I have mentioned. The consequence however of this abolition will be a loss to Provincial revenues which Local Governments cannot themselves sustain, and I therefore will make them assignments. The manner in which we proceed is as follows. The Local Governments while they take with the one hand appropriations

from Local Boards as I have described, with the other hand give them certain subventions. Certain of these subventions, such as those made out of the Imperial grant for primary education will continue to be made to the Boards; others of a general nature which are at present required to provide a sufficient income for certain Boards will be resumed. In Oudh a special adjustment will be necessary; the 3 per cent. village police cess will be abolished and a general cess of 5 per cent. imposed at the same rate as in Agra. Allowing for this modification the net loss to Provinces and consequently the amount we have to make good to them will be in Bengal 25 lakhs, in Bihar 23 lakhs, in the United Provinces $29\frac{1}{2}$ lakhs and in the Punjab 2 lakhs, a total of nearly $79\frac{1}{2}$ lakhs or £530,000. In deciding on the measure which I have now detailed to the Council we have, I consider, given a very substantial proof of our interest in local self-government. Last year in the debate on the resources of local bodies I mentioned the surprising way in which Mr. Gokhale plants seeds of policy which come to quick maturity, and I likened these to the mango seeds of the Indian juggler which covered for a little time from view astonish us presently with the appearance of trees bearing not only leaves, not only buds and flowers, but a goodly crop of wholesome fruit. If I may vary the figure, I should say that the Government of India have their orchards to the cultivation of which they give their best endeavours. Like all gardens these have their disappointments, their inexplicable failures; but none the less some of the crops are good. The present is a goodly basket, as an Indian gentleman might say "from our own garden;" and it contains something more substantial than a Committee.

Military Services.

24. The expenditure for five years is shown in the following table:—

	GROSS.					NET.
	Army.	Marine.	Military Works.	Special Defences.	Total.	All Military heads.
	£	£	£	£	£	£
1909-10 . . .	18,901,181	461,157	858,342	28,604	20,249,284	19,112,323
1910-11 . . .	19,131,780	445,867	900,437	7,987	20,486,071	19,265,042
1911-12 . . .	19,536,546	450,728	909,657	4,706	20,901,637	19,558,580
1912-13 (Budget) . . .	19,084,700	447,100	860,500	20,200	20,412,500	19,094,500
1912-13 (Revised) . . .	19,608,700	476,800	880,600	15,900	20,982,000	19,635,400
1913-14 (Budget) . . .	19,555,900	478,300	949,100	24,500	21,007,800	19,646,800

25. As stated last year, the Military expenditure of 1912-13 as originally estimated was fixed at a figure below that of any year since 1903-04. After the estimates were closed it became essential to place an order in England for a large number of rifles which has led to an additional payment of £155,000 during the current year. The National Insurance Act involved a payment not in the estimate of about £15,000 on account of the British soldiers serving in India. The demand for working parties of troops in connection with the survey operations in progress on the North-East Frontier entailed unforeseen expenditure amounting to £54,000. The Arms Traffic operations proved more costly by £15,000 than was expected. The prices of food and forage have risen, in spite of the favourable harvests of the year, and account for an increase of roundly £174,000. In view of the favourable financial conditions of the year, additional funds to the extent of about £127,000 were also given to place the army transport on a more satisfactory footing; to allow of the commencement of a reserve of fodder; and for advancing works in progress and for the purchase of stores. The aggregate excess expected is £540,900, the bulk of which has arisen from unforeseen demands and the rise in rates of food and forage.

26. In the coming year there will again be a heavy bill for special services. Provision is made for the continuance of the Arms Traffic operations at a cost of £166,700. The winding up charges connected with the working parties employed

on the North-East Frontier are expected to amount to £33,300. On the other hand, the expected retention of Indian troops in China and Persia will continue to effect a saving.

27. Apart from all this, it has been necessary, in framing the military estimates of 1913-14, to take into account the fact that the temporary economies in ordinary expenditure amounting to £101,000, effected in the current year, cannot be repeated next year; and that the National Insurance Act introduces a new annual charge of £21,500. A larger provision of £186,600 for ordinary Home stores has been found necessary, owing to surplus stocks having been largely worked off, higher prices ruling for metals, and to the advance purchases of such stores in 1911-12 not being repeated in the current year.

28. The Schedule grant for 1913-14, amounting to £737,700, shows an increase of £217,600 as compared with the figure adopted in the current year, but it includes £119,000 to meet the final payments on account of the extra rifles which had to be ordered this year, and £106,700 for the acquisition of land and the commencement of building operations in connection with the new military cantonment at Delhi. The balance of the grant will be applied mainly to meeting the primary requirements of the army in the matter of guns, bayonets, swords and accoutrements, and to the continuance of building works in progress, notably in the direction of improving the accommodation of Indian troops. Provision is made on a modest scale for the inception of military aviation in India.

29. In respect of the permanent economies mentioned last year, a further saving has been effected by the disbandment of the Deoli and Erinpura cavalry squadrons. The question of army expenditure generally has been under the consideration of the Army in India Committee, presided over by Field-Marshal Lord Nicholson. Their report, which is expected shortly, will deal with the possibility of effecting further economies in military expenditure. The report of the Committee which examined the question of marine expenditure is still under consideration. The final result is an increase of the net military budget by £552,300 as compared with the current year's budget.

Railways.

30. I have already given in the revenue account some of the more important Railway figures. The results of the present year are remarkable. In 1912-13 we expect the return on the capital at charge to be 5·89 per cent. against 4·48 which was the percentage in 1909-10. If we take the railway revenue account as a whole and set the interest charges, the annuities, sinking fund payments and minor debits, such as cost of land and surveys, against the net earnings, we show a surplus of £5,616,000, the highest in the history of our Indian railways.

31. What I am now especially concerned with is the railway capital account, and I give therefore the figures of railway capital expenditure during the last five years and compare them with the estimate for next year:—

	1908-09.	1909-10.	1910-11.	1911-12.	1912-13, Revised.	1913-14, Budget.
	£	£	£	£	£	£
Open lines including rolling stock	8,532,741	6,532,441	5,002,843	5,058,390	7,362,800	10,124,600
Lines under construction—						
(a) Started in previous years	1,366,200	1,482,962	2,055,264	2,403,853	2,781,400	1,875,400
(b) Started in current year	146,130	369,291	387,821	452,150	69,900	...
	10,045,071	8,384,694	7,445,928	7,914,393	10,214,100	12,000,000

32. The figures to which I invite special attention are these. The expenditure on capital account in the three years 1909-10 to 1911-12 averaged rather less than £8 millions. In the current year we budgeted originally for a railway programme of £9 millions. In the course of the year however we were able to increase the

provision to £10½ millions out of an increase in our balances and other improvements. For the coming year I propose to draw somewhat heavily on our ample balances and am in consequence able to advance the railway programme for 1913-14 to £12 millions.

33. This proves, I think, that I am not unsympathetic on the question of railways. I recognise fully their immense significance as an instrument of general progress, their necessity for the development of trade, their growing and indeed momentous importance to the finances of India; but in this, my last Financial Statement, I cannot refrain from a word of warning. In spite of the reckless utterances of obviously interested critics, I continue to deprecate any departure from a policy of the utmost caution in the matter of Railway Finance. It may be that in the future it will be possible to give more scope to private enterprise and increase through its agency the funds available for railway construction, but for the present I have to regard railways as a strictly business proposition. Our responsibility is all the greater now that they have attained a position of supreme importance in our financial system. It is said that the remunerative character of our railways is beyond question, that our railways are the milch cow of the Government of India, and that I am ungrateful. But what is the position? We are paying in the London market very nearly 4 per cent. for what we borrow. I bear in mind that in the current year the railways have paid us 5.89 per cent. But last year the return was 4.99 per cent., in 1910-11 it was 4.66 per cent., in 1909-10 it was 4.48 per cent.; even in good years in the present state of the money market the margin is a narrow one. Let me remind you that so recently as in 1908-09 our railway system was worked at a net loss to the State. I said at that time that we must never allow our railways to become again, even temporarily, a net burden on the general taxpayer. I repeat that assertion. As matters stand we have in our railways a splendid asset. Let us safeguard that asset. Any admission of doubtful schemes, or failure to count in each case the full cost, any disregard of financial considerations will surely lead to deterioration of a most serious character.

34. I urge that nothing be agreed to in the future which may weaken a position which is essential to the financial prosperity of India and to all the interests which that prosperity serves.

Irrigation.

35. The financial position of our great irrigation undertakings may be gathered at a glance from this table which I present and which brings up to date the information given in previous Financial Statements.

Particulars.	1909-10.	1910-11.	1911-12.	1912-13 (Revised).	1913-14 (Budget).
<i>Productive Works.</i>	£	£	£	£	£
Capital outlay to end of the year	29,145,119	30,355,971	31,929,338	33,439,738	34,918,738
Direct Receipts	2,249,011	2,236,989	2,319,176	2,541,200	2,542,600
Land Revenue due to Irrigation	1,111,158	1,170,065	1,343,135	1,495,200	1,518,800
TOTAL RECEIPTS	3,360,169	3,407,054	3,662,311	4,036,400	4,061,400
Working Expenses	1,065,481	1,080,404	1,103,180	1,090,700	1,108,400
Interest on debt	960,829	1,004,680	1,059,649	1,152,400	1,207,000
TOTAL WORKING EXPENSES	2,026,310	2,085,084	2,162,829	2,243,100	2,315,400
NET PROFIT	1,333,859	1,321,970	1,499,482	1,793,300	1,746,000

Irrigation—contd.

Particulars.	1909-10.	1910-11.	1911-12.	1912-13 (Revised).	1913-14 (Budget).
	£	£	£	£	£
<i>Protective Works.</i>					
Capital outlay to end of year	3,112,121	3,444,204	3,803,846	4,207,046	4,778,046
Direct Receipts	58,066	51,061	62,356	64,500	76,900
Land Revenue due to Irrigation	6,230	7,940	8,330	10,800	10,900
TOTAL RECEIPTS	64,296	59,001	70,686	75,300	87,800
Working Expenses	28,730	29,217	41,923	51,600	54,200
Interest on debt	97,882	110,730	123,218	136,200	152,800
TOTAL WORKING EXPENSES	126,612	139,947	165,141	187,800	207,000
NET LOSS	62,316	80,946	94,455	112,500	119,200
<i>Minor Works and Navigation.</i>					
Direct Receipts	235,691	228,465	247,054	251,200	254,700
Expenditure	889,435	877,728	836,407	871,800	921,300
NET LOSS	653,744	649,263	589,353	620,600	666,600

36. On the 31st March 1912, 58,534 miles of main and branch canals and distributaries had been constructed, and by the end of the current year a mileage of 59,000 is expected, commanding over $48\frac{1}{2}$ million acres of culturable land of which probably 23 million acres will actually be irrigated within the year. The net profit according to our anticipations on productive works will be £1,793,300, the net return on capital outlay being 8.81 per cent. or if works still under construction are excluded 10.27 per cent.

37. In addition to the canals in operation there are 59 projects which are either under construction, awaiting sanction or being examined by the professional advisers of the Government. Of these six are Minor Works. The Major Works of which 28 are productive and 25 protective, are designed to irrigate nearly 13 million acres at a total capital cost of about £45 millions, the yield anticipated on the productive works being 7.17 per cent.

38. Of the projects brought forward from the preceding year, I may first refer to the Punjab triple project. The progress of this great work is stated to be satisfactory. The Upper Chenab Canal was opened for irrigation by His Excellency the Viceroy on the 12th April 1912. The Lower Bari Doab Canal will be ready for opening in April next, and it is expected to open the Upper Jhelum canal by the autumn of 1914. It is hoped that the Upper Swat River canal will be ready by April 1914.

39. Two other projects mentioned last year in my Financial Statement, the Sukkur barrage and the Rohri canal, have been submitted for the sanction of the Secretary of State, while progress in the case of the Cauvery Reservoir and Sarda-Ganges-Jumna feeder, which have been very favourably reviewed by the technical advisers of the Government of India, is delayed by the necessity of considering the interests of certain Native States which are affected by these undertakings. During the year the Nira Right Bank canal has also been sanctioned by the Secretary of State at a cost of about 260 lakhs of rupees. It is designed to protect an area of 190,000 acres in the Sholapur district, which above almost all others in India stands in need of protection from drought and famine, and it is the most important project of the protective class which has been undertaken in this country.

40. Of the projects under consideration which have not previously been mentioned the most important are the Kistna reservoir in Madras, the extension of the Gokak

canal in Bombay, the Sutlej Valley canals and the Jumna dam project in the Punjab. The Kistna project contemplates the construction of a dam at a cost of $8\frac{1}{2}$ crores to hold up a reservoir with a gross capacity of 163,586 million cubic feet of water. The work if constructed will be the largest of its kind in the world exceeding in magnitude the Assuan dam on the Nile which, as now enlarged, has a gross capacity of 81,224 cubic feet. The Gokak canal extension, which is classed as protective, is to cost nearly 2 crores. The Sutlej Valley project aims at the utilization of the surplus supply of the Sutlej and Beas rivers and it will besides improving the water supply of the several inundation canals now dependent on the Sutlej, extend the benefits of irrigation into the great desert south of the river. It will probably cost 9 crores, while the Jumna dam project, the estimate of which is over 5 crores, provides for the construction of a dam at Koch in the Nahan State to ensure a fuller supply to areas commanded but insufficiently watered by the Western Jumna canal and extend the irrigation from that canal to some precarious tracts in the Umballa and Karnal districts.

Provincial Finance.

41. On the subject of Provincial Finance it is fortunately necessary for me to say but little. Two years ago I described in detail the scheme of permanent financial settlements, which we believe secures for both parties to the contract important advantages. In presenting my last Financial Statement I said that the scheme could not have had a better start than the year 1911-12 had given it. Now another year of prosperity has strengthened the position of the Provinces as well as our own. It is not so long ago that the Provincial authorities took a most gloomy view of their financial prospects. I remember well the spirited attack which was made on the Government of India on the subject of the Punjab settlements, and no year passes in which we do not hear the patriotic pleadings of the Hon'ble Pandit Madan Mohan Malaviya and others on behalf of the United Provinces. To all such representations I may have been held to be unsympathetic, but especially in India time brings the answer. The financial position of the Punjab and the United Provinces is very different now from their position even two or three years ago, and in general the Provinces have built up such substantial balances and have a margin between revenue and expenditure so adequate that they are not only well-to-do for the present but are well protected for the future. I must deal however in some detail with the case of the two Provinces, Assam and Burma, to which it is proposed to give special grants. Financially the conditions in these two Provinces are different. Assam at present has only a temporary settlement and in another two years it will be necessary to revise the terms of our agreement on a more permanent basis. Burma already has its permanent contract, and I am satisfied that the contract is essentially a sound one, for it secures to the Province a substantial growth of revenue which will presently supply it with ample funds for its requirements. At the moment, however, it cannot be denied that the province is in poor circumstances and that in spite of the exercise of due economy it finds a difficulty in squaring resources with requirements. But from another point of view there is a strong resemblance between the conditions in these two Provinces. The equipment of both, in the matter more particularly of communications, is far behind that of the rest of India, and their development is a matter for serious consideration. The question is no doubt what rate of progress is desirable, for ultimately both Provinces will find a sufficiency for their requirements in their own resources. But it is clear that unless we come to the assistance of Burma, progress in that Province will be injuriously delayed. The case of Assam is somewhat different because it was given a substantial grant with which to start its existing settlement; but here again it was recognised that the Province might spend this grant during the period of settlement and it would in the usual course be given a second grant at the beginning of the permanent settlement, the terms of which will shortly have to be considered. The reasons for the grants we propose will now be evident. By making these grants we assist the earlier development of Provinces which are extremely backward. We anticipate in the case of Assam a liability which might come on us when unfavourable seasons might make it difficult for us to meet it. And since the improvement of communications must make for an improvement of revenue in which the Imperial Government have a share, it may be added that these grants are in the nature of an investment in the business of the firm by the senior partner, namely the Government of India.

Ways and Means.

42. I have now finished with the Revenue account, the account that is to say that is concerned with the money credited to us as a final receipt and the expenditure which we have agreed should be charged against such receipts, and I turn to the question of our Ways and Means.

43. In the current year our programme provided for capital expenditure of nearly £11½ millions, of which £9 millions were for railways, £1,416,000 for irrigation, and £1,333,000 for Imperial Delhi. We had to meet railway debentures which fell due to the extent of nearly £1½ millions, and the ordinary drawings of India bonds of £½ a million, and we arranged to repay the whole of the outstanding India bills of £4½ millions. The great bulk of these obligations and requirements we proposed to meet by drawing on our balances; but we decided to raise a loan of 3 crores (£2 millions) in India and another of £3 millions in England, and we hoped to obtain £1,810,000 through railway companies apart from the money which they were to raise for the discharge of debentures. In the last item we have been disappointed, for the capital raised by railway companies has been only £495,000. In other respects our assets have increased very greatly above our anticipations. The greater part of the improvement has taken place in the revenue account with which I have already dealt in detail. This improvement shows itself first in the rise of the Imperial surplus from £1,478,000 to £3,362,000, and secondly in the banking account of the Provinces. Originally we had to estimate for a large net withdrawal by provinces; but they have not been able to work up fully to the scale of expenditure for which they had made provision in the Budget. Their own revenues have been better, and they have received large grants from us, the result of all these changes being that the aggregate provincial account shows now instead of a withdrawal of £1,558,000, a deposit of £4,019,000. On the debit side of our transactions, the most interesting item is the discharge of our India bills. This has now been carried through in accordance with the programme, and it is a matter of very great satisfaction to me that our account has been entirely cleared of these liabilities; our position has by these liquidations been greatly strengthened against the possibility of financial troubles in the future. The capital expenditure on Delhi, as I have already noticed, has been small. On the other hand, canals have taken a little more money than we provided for them in the Budget, and we have been able in the course of the year to make the substantial addition of £1½ millions to the railway programme.

44. In 1913-14 we repeat the provision of £1,333,000 for the new city at Delhi, and we increase the irrigation allotment to £1,467,000. The most prominent feature of the year is however the raising of the provision for the railway programme to no less than £12 millions. The total capital outlay is estimated at £14,800,000. The only other important debits will be, first, the discharge of debt amounting to £1,869,000, chiefly on account of railway debentures which fall due in the course of the year and of the repayment of another £½ million India bonds; secondly the deficit which is estimated at £2,839,000 in the provincial account. Altogether we have to find about £19½ millions and this we propose to do mainly by utilising our balances. We propose to work to a closing balance of about £17 millions, and on that basis we think we can find £11 millions out of balances. Our revenue surplus will give us £1½ millions. We propose to raise a loan of 3 crores (£2 millions) in India. The Secretary of State will not himself issue any sterling loan, but it is hoped that the capital raised by railway companies will give us £3 millions. We depend to the extent of £1½ millions on our unfunded debt transactions, mainly Savings Banks, which we think will result in a net receipt of that amount, and we draw as usual on the grant for the redemption or avoidance of debt. The distribution of the closing balance at which we aim is that we should hold £12,429,000 in India and £4,442,000 in the Home Treasury. To work to these results after providing for the year's requirements, we estimate that the Secretary of State will sell Council Bills and Telegraphic Transfers on us to the extent of £21,200,000; but in addition he will as usual sell additional bills on India so far as our resources may permit if there is a sufficient demand for them. It will be understood that all my announcements about loans and drawings are subject to the usual reservations; the Secretary of State and the Government of India retaining full discretion to vary the amounts I have mentioned, in any way and to any extent that may be thought advisable.

Exchange, Currency and Gold Coining.

45. From this survey of our Ways and Means I pass to the adjoining territory of Exchange and Currency where there is some interesting ground to be traversed. I shall first sketch the general conditions of the year which are relevant to this subject. I shall describe a resumption of our rupee coinage, and I shall then pass to a consideration of two important steps in the development of our currency policy.

Exchange.

46. From the description of trade conditions which I gave at the beginning of my speech it will be at once surmised that there has been no exchange difficulty in the current year. Taking the value of merchandise dealt with on private account the value of Indian exports between April and December 1912 exceeded the value of imports by $61\frac{3}{4}$ crores, the excess being about $2\frac{3}{4}$ crores greater than in the previous year. The outstanding feature of the year is that since the 1st of April last the rate of exchange has never fallen below par, and this is a new thing in our experience. In 1909-10 a rate below 16 pence continued for the first six months of the year. In 1910-11 it lasted from the middle of May to the middle of August. In 1911-12 it held only for two weeks in June and this year it has disappeared. I do not wish to make too much of this feature; but while I remember that there was little employment for money last rains and my friends the bankers will point to the high rates of interest that have recently prevailed, I think a tendency is shown in the facts I have stated, as well as in our figures of rupee absorption and in the traffic returns of railways, to a diminution in the duration and intensity of the slack season and a more even distribution of trade throughout the year which would be very welcome.

47. The balance of trade in our favour, I have said, in nine months has been $61\frac{3}{4}$ crores. I need not attempt to explain how the whole difference has been equated; but I can account at once for $56\frac{3}{4}$ crores, for in the settlement of our claims on other countries we imported 12 crores in gold and silver bullion, $18\frac{1}{2}$ crores in sovereigns and accepted $26\frac{1}{4}$ crores in Council Bills. The sovereigns, I need hardly say, are not imported necessarily for use as coin, but in order to obtain currency in any form that is desired and they are largely turned into rupees. The absorption of gold, it is true, has continued to increase; in the first six months of 1912-13 it was a million pounds more than in the first six months of 1911-12. But that is only one element in the situation. The financing of the wheat trade which I have said was unusually active took two crores of rupees more from us than in the previous year. Jute, so far as currency is concerned, was a record crop, for the demands on our Calcutta Office in four months amounted to 12 crores of rupees, a sum exceeding even the previous record of 1906 and far above the requirements of any intermediate year. This leads me to the question of the coinage of rupees. We have not added to the rupees in circulation for the last five years. In November 1907 when coinage stopped we had 28 crores of rupees in hand. Then came the scarcity and the commercial crisis of 1907 and 1908 during which instead of an absorption there was a return of rupees from circulation. By September 1909 we had in our possession no less than 48 crores. Since then there has been a steady absorption. It has proceeded at a rate considerably slower than many anticipated though much as I personally expected, but it has gone on year after year and at the end of last April we had no more than 15 crores in hand. It was certain that in the next few months rupees would return; but it was equally certain that the resumption of coinage could not be avoided. The Secretary of State accordingly began to purchase silver in May last. Since then he has purchased £7,060,000 worth. This silver has yielded $15\frac{3}{4}$ crores of rupees. $10\frac{1}{2}$ crores passed into our ordinary balances in substitution for the gold used in the purchase, while the remainder, less cost of manufacture representing the profit on coinage, has been credited to the Gold Standard Reserve.

Currency.

48. Having cleared the way by this sketch of the year's history, I can proceed to a fuller discussion of the important currency developments which I mentioned, the first relating to the Gold Standard Reserve and the second to the coinage of gold in India. The first has to do with exchange and the requirements of international trade, the second with our internal currency. That there is a nexus between the two cases is clear, but as regards the nature and extent of this nexus widely different opinions are held. We are familiar with the view that a gold standard is impossible without a gold currency. On the other side it is suggested that the currency in the hands of the people is not to any great extent available when coin has to be sent out of the country in settlement of foreign demands. There is also strong opinion in favour of the view that the support which at times becomes necessary not only in this country

but elsewhere against an unfavourable balance of trade can best be found not in the currency in circulation but in strong reserves. I do not intend to enter on a discussion of these rival creeds. I would merely like to say that here in India we have made a great experiment in currency, that the experiment has been successful, and that we are satisfied with our system as at present developed. I recognise however that we must always be ready to strengthen and adjust it as the need arises, and that in carrying out such re-enforcements and adjustments we must attend to experience as well as theory and bear in mind that the conditions in India may in certain particulars be special and stand in need of exceptional treatment. This is the principle which should guide us in considering both the matters which I now lay before the Council. I take first the question of the Gold Standard Reserve. That Reserve has already reached the large figure of £22 millions including £4 millions held in rupees in India. But we have never forgotten that in the troubles of 1907-09 we lost in little more than a year no less than £15 millions sterling, and though we have generally other gold resources on which we could draw, I have always been anxious that the Reserve which is specially earmarked for the support of exchange should be strengthened. I have at the same time felt that it would be an advantage if a larger proportion of this Reserve were held in liquid gold instead of in securities. On these points we have had I think the unanimous support of Indian opinion, but the Secretary of State has not always seen eye to eye with us, and the Council may remember that a year ago I was not sanguine that we should succeed in converting him to our view. We have however succeeded. The Secretary of State has agreed to raise the sterling assets of the Gold Standard Reserve in London to £25 millions and to hold £5 millions of this amount in gold and his decision is gratifying to me as strengthening our defences against the fall in exchange of which there is always a danger in times of adverse trade conditions.

49. On the second development which I have to describe, I fear we cannot hope for the same unanimity of opinion. Yet I feel certain that the two despatches on the subject, which I shall lay, will be read with satisfaction by many both in this Council and outside it.

Gold Coining.

50. In regard to the coinage of gold I may say that the initial selection of any one coin would not in fact definitely exclude another, for while recommending to the Secretary of State the coinage of sovereigns, the Government of India referred to the future possibility, should it be considered advisable, of introducing some other smaller coin such as a ten-rupee piece. The sovereign introduces questions of control which as between ourselves and the Royal Mint are difficult of solution. For this or for any other reason, the final decision may be, to begin with, a special Indian coin, but the experience we should gain in coining an Indian piece may show that it would be worth our while to undertake the additional trouble and expense which would be involved in the coining of sovereigns.

51. On the general question, as I have said, there is much difference of opinion. There are those who seem to regard an institution of a gold mint as a cardinal point in currency policy and expect from it sudden and surprising results. Some are indifferent, regarding a gold mint merely as unnecessary, because they say we already get as much gold coin as we need from abroad, while there are others whose attitude is one of mistrust and condemnation, because they suspect that the establishment of a gold mint implies a radical change in the currency policy of the Government, or because they fear what is called the drain of gold to India. The first to my mind exaggerate the importance of the scheme and are unduly sanguine in forecasting its results. The last, I am confident, are unduly apprehensive.

52. The view taken by the Government of India is a very simple and I think obvious one, and it involves no departure whatever from our currency policy. We have no idea of converting our currency into gold. We are not going to buy gold bars in order to coin them. We cannot force a currency on the people, nor do we wish to do so. All we proposed is that if anyone who has gold wishes to have it coined he should be able to do so. The position is that in this country both gold and silver are established as legal tender currency. But while we can turn silver into coin, we have not so far been able to coin gold. The argument that, in point of fact, we can get by importation as much gold as we can use, is true but it is incomplete. For one thing India itself produces an amount of gold which is not inconsiderable. At present this goes to London, and it may continue to do so, but it is reasonable and it may prove economical that facilities should be given for coining it in this country if at any time the producers find their advantage in that alternative. Again there is a

large quantity of gold bullion in the country. Assuming that the necessity arises of converting it into coin, why should it have to be sent 7,000 miles for the purpose? Or who is to say that it may not on occasion be more profitable or convenient to import and coin gold bullion rather than to import sovereigns? On questions of this kind I strongly deprecate an *à priori* judgment. How any facilities for coining bullion which we give can increase the flow of gold to India I am unable to see. In one form or another India will get precisely the amount of gold which she wants and which she is able to pay for. It may be urged that the use of gold as currency at any rate is for this country a superfluity. But what does this argument assume? It assumes that for India not gold but some other form of currency is the best. On the other hand some authorities assume that a gold currency is always preferable. I make neither assumption. I leave it to the people to decide what suits them best, and all I say is that if they find they prefer gold they are just as much entitled to it as any other people in the world. Now when we are considering Indian currency we can no longer, as was the case not many years ago, think only of rupees. Out of the total additions to the currency in the three years ending March 1912 amounting to 65 crores, rupees accounted for only 28 crores. The habits of the people in fact are changing. The last Currency Report of the Comptroller General shows clearly that gold has to an increasing extent established itself in ordinary circulation, while the expansion of our note issues gives evidence of a desire for a handier currency than silver and a readiness to use a higher unit than the rupee. While therefore we do not pretend to know to what extent the facilities for coining gold will be used, we think that there are substantial facts to support the sentiment which has frequently been expressed in this country in favour of our having a gold mint of our own. And even without such support I make bold to say that sentiment is not a thing to be disregarded. The sentiment I mean is not that of any particular race, class or community. India is a great country, not only by reason of past achievements in the highest fields of thought, not only by reason of her enormous population and vast area, but because of her rapidly increasing importance in the world of commerce. I confess I think it is sometimes forgotten how big India is, and her growth in the matters with which I am more particularly concerned outstrips our ordinary conceptions of it. We are all united in this common bond that we are fellow citizens of one great Empire, and the sentiment I have in mind is the sentiment that should be common to all the people of a great and growing country. This mint, you may say, of which we are talking is a little thing. But if there is a feeling that India after all is entitled to its own mints and that those mints should be empowered to turn out any coins that India requires, can anyone say that the feeling is in any sense unreasonable? I cannot of course anticipate the decision that may be reached regarding the denomination of the coin which we should issue, but personally I say that the sentiment which favours a special Indian coin is to me easily intelligible. And I hope that our mints will continue to be Indian in the sense of being free from external control. Our mints may not be the best in the world, but I know of none better. The work they turn out is a credit to the Indian Government, and in saying so, I rely not on my own judgment but on the judgment of experts in Europe who have given me their opinions. This battle of the mints has now lasted for fifteen years. I do not for a moment say that throughout this period the issues have remained the same. The combatants have frequently changed their positions. The composition of the opposing forces has varied, as parties which at one time found themselves in one camp, transferred their allegiance presently to the other. But on the whole, India has fought for a gold mint all these years, and personally I am glad that at a time when my association with the government of this great country draws to a close, the question is being brought to an issue.

53. The Council will appreciate that all I have said in regard to exchange, currency, and the coining of gold is subject to a reservation. I refer of course to the statement made in the House of Commons by the Prime Minister. Mr. Asquith has stated that in the opinion of the Home Government the time has come for an enquiry into (*inter alia*) questions of currency and finance relating to India by an expert body and preferably by a Royal Commission. I myself believe that our system of currency and finance in India rests on a sufficiently solid foundation. I recognise however that it is the subject of many misunderstandings and of much misconception. A Commission of inquiry will clear the air and by increasing knowledge, it will diminish criticism. I believe that it will be educative rather than destructive. Holding this belief, I await with confidence the result of its deliberations on the currency conditions which I have described and which will now have to be submitted to its judgment.

Retrospect.

54. This is my last year of office, and it is permissible that I should review the administration of the Department the control of which I am about to surrender.

55. When I assumed charge towards the end of 1908, the country, after a decade of remarkable prosperity, had just passed through a period of distressful scarcity. The relapse was one of a kind to which, by reason of its climatic conditions, India has always been subject; but on this occasion its severity was accentuated by a financial stress that dislocated the world's greatest markets. The gravity of the situation is explained in a word when I say that the year 1908-09 ended not with an anticipated surplus but with a deficit of no less than £3 $\frac{3}{4}$ millions. From an agricultural point of view, the next year was favourable; but trade was slow in reviving and, as I said when I presented my second Financial Statement, the air of hopefulness, which pervaded the country as soon as a good monsoon had assured the agricultural position, was slow in penetrating the Finance Department. I remember well the difficulties which we encountered that year, the necessity we were under of explaining the situation to the large spending Departments and Local Governments, and calling on them to exercise all possible economies in view of our diminished resources, and their loyal response. In addition, when I came to sum up the experiences of the year and forecast the requirements of the next, I found myself faced with a great drop in opium revenue and the necessity of revising at considerable cost our settlement with Eastern Bengal and Assam, and I was forced to propose additional taxation. In 1910-11 the situation changed. Prosperity returned. Our revenues increased. We were able to expand those activities of Government which depend on money resources.

56. In this brief review I have mentioned the increase of taxation which took place in 1910-11. I do not wish to rake up the ashes of an old controversy, but I can scarcely pass the subject by. Whatever may be said about it, I am unrepentant. I hold this, indeed I regard as *res judicata*, that the taxation was justified on any reasonable forecast of immediate requirements at the time when it was imposed. I say that its absolute necessity might have been demonstrated at any moment during the last three years if what has now happened in our opium trade had happened previously. But there are other and more general considerations. If we had merely to provide for existing charges, the position would be simple; whenever revenue rose above expenditure, the excess would be cut off by a reduction in the scale of taxation. But India is not a developed country. It is not a country in which any one can accept the current equipment and the current scale of expenditure as sufficient. I am not suggesting taxation up to the hilt; but in view of urgent and legitimate demands I hold that the real question is not whether we could not have done without further taxation but whether the further taxation has in fact been burdensome. Some of our critics seem at times to forget that development has to be paid for. I claim to have established without hardship a broader basis of taxation which has been and will continue to be of benefit to the country.

57. A point I touch on is economy. Simple though this subject be, it seems to be open to misconception. On the one hand, it has been felt that I have been unnecessarily severe in effecting economies, whilst on the other hand, I have been criticised for assenting to a large increase in expenditure. What I mean by economy is neither the hasty reduction of expenditure in a crisis, nor the opposition to new expenditure without regard to its character or object. What I mean by economy is spending your money on good objects and getting your money's worth for what you spend. This object I have kept in view through good report and through bad report, or rather perhaps I should say through good and bad seasons without distinction, and I claim to have been successful in its attainment.

58. As relevant to this subject I mention the department of audit. That department is one with which, through a long experience, I have been familiar, and I know its value. I have endeavoured in this country to demonstrate my belief in it. I have every reason to think that the position of the Comptroller and Auditor General will be substantially improved, that he will be relieved of other financial duties and will be able to devote his whole time to the development of our audit system. I look for a new spirit in the Audit department, a spirit which will bring about a recognition of its true relationship to the Executive, which will ensure hearty co-operation in the work of Government.

59. A more general question is raised when we co-relate the expenditure we charge to revenue and our capital expenditure. There is no doubt a competition between these two classes, a competition which Mr. Gokhale has brought out clearly enough in more than one Resolution. But the principles which guide us in determining the allotments to be made for the various heads of revenue expenditure must equally guide us when we come to the distribution as between revenue and capital expenditure of an accrued surplus. There are enthusiasts for education and enthusiasts for railways. The Government of India have to hold the balance between them and endure the disparagement of both. I have always been opposed to any hard and fast rule. The distribution must be determined on a consideration of requirements at the time of allotments. There is another consideration. It is a mistake to regard our revenue and capital accounts as watertight compartments; there is always a movement from one to the other. In good years the revenue account supplies the capital; that has lately been the ordinary position. But the movement has sometimes been reversed, and if in the last year or two we have been using our surplus partly to pay off temporary debt, it must not be forgotten that that temporary debt was raised in part to make good a revenue deficit. The outstanding difficulty in Indian finance is its liability to extreme vicissitudes. The true use of surplus money in good years is to be found in the reduction and avoidance of debt. That is not a picturesque policy, but it is the only sound one. Now from this point of view what have we done in recent years? At Home our borrowings have been small. That may be the result of necessity rather than of choice; but in India where the market has been improving instead of deteriorating my loans have been studiously moderate. In 1909 I raised $2\frac{1}{2}$ crores; in 1910, $1\frac{1}{2}$ crores; in 1911, 2 crores; in 1912, 3 crores. The net result of my loan transactions, taking into account discharge of debt, is striking. In the following figures I include both direct borrowings by the Secretary of State and capital raised through Railway Companies.

In 1909-10	there was a net addition of	£13 millions;
In 1910-11	„ „ „	of £6 $\frac{1}{2}$ millions;
In 1911-12	„ „ „	of £1 $\frac{1}{3}$ millions;
and In 1912-13	„ a net decrease of	£1 million.

Meanwhile the legitimate demands for non-recurring expenditure—the only demand which could be met from accrued surpluses—of our different departments, more particularly of education and sanitation, have been generously met. A reasonable railway and irrigation programme of capital expenditure has been maintained and while this has been effected, I have at the same time strengthened our position against the possibility of financial troubles by a restriction of borrowings. My restraint in the past will be an asset for my successors in the future.

60. I turn to another element of strength. By the end of 1909 there was practically no gold left in the Government reserves in this country. Since then by the ordinary operations of trade gold has flowed in, till we now hold £19,500,000 in our currency reserve in India. In the same reserve at Home we have £7,300,000; in the Gold Standard Reserve we have £18 millions in gold assets, and we hope, in consequence of the Secretary of State's recent decision, to have eventually £25 millions. At any rate at the moment we have altogether £45 millions in gold and gold securities and that is a bulwark of enormous strength against a fall in exchange. Our currency system seems to be sound. In our English way we have adapted it from time to time to meet requirements as they arose. The result I do not claim is perfect; but we may be satisfied with a scheme if it is practical. It has the approval of economic experts. It has been taken as an exemplar in other countries, and it has the confidence of our business men. If I have to take the responsibility when things go amiss, I am surely entitled to claim a little credit for success. The Indian believes in the efficacy of good intentions. I have meant well by India, and it means much to me in presenting my fifth Budget that I can honestly say that should financial trouble come on her, India is prepared to meet it — *L' India farà da se.*

Conclusion.

61. A Financial Statement, the forerunner of the Budget, has to-day been presented, for the first time, in Delhi; restored to her pride of place as India's Imperial city. Through centuries Kings of every race have fought to win or keep her: the

blood of men and the tears of women have been freely shed to cement the Empires over which her owners have held sway. But I prefer to think of Delhi, not as the prize of conquest, or the home of conquerors, but as the capital of a contented empire, the abode of peace and prosperity, of wise and prudent counsels. Such I hope she may ever be.

Glorious though she has been, may Delhi rise to glories still greater; the glories—to quote the words of the Viceroy's speech which it devolved on me to read to you in the Diwan-i-Am—of “the peace, happiness and contentment of the millions over whom the King-Emperor exercises sway, the trust and confidence which England has been able to repose on their loyalty, the generous share which she had been able to give to the sons of India in sharing her councils and in shaping the destiny of this great and wonderful country.”

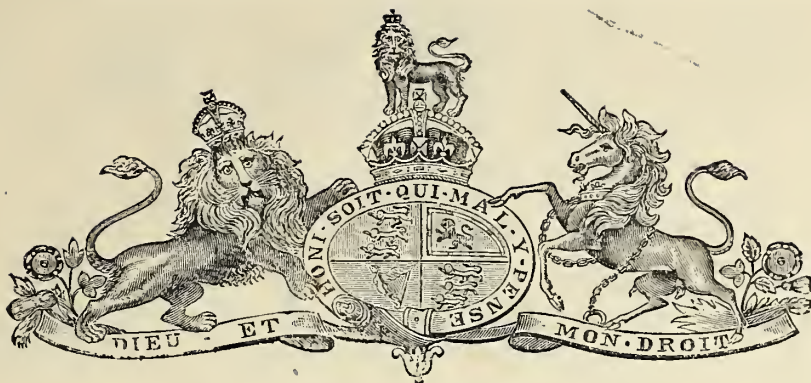
It rests largely with you and your successors in this Council to bring our hopes to fruition.

This is my last Budget, and this day practically ends my career in India.

I shall sever my connection with India with profound sorrow; but I rejoice exceedingly that I shall leave her loyal and prosperous.

GUY FLEETWOOD WILSON.

Delhi, March 1st, 1913.



The Gazette of India.

EXTRAORDINARY.

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DELHI, SATURDAY, MARCH 1, 1913.

FINANCIAL STATEMENT

OF THE

GOVERNMENT OF INDIA

MARCH 1913

ACCOUNTS	1911-1912
REVISED ESTIMATES	1912-1913
BUDGET ESTIMATES	1913-1914

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I.—General Statement of the Revenue, and Expenditure charged to

	For details, vide State- ment.	Accounts, 1911-1912.	Budget Estimate, 1912-1913.	Revised Estimate, 1912-1913.	Budget Estimate, 1913-1914.
Revenue—					
Principal Heads of Revenue—					
		£	£	£	£
Land Revenue	A	20,764,697	21,276,000	21,244,900	21,399,900
Opium	"	5,961,278	3,622,000	5,062,800	1,445,000
Salt	"	3,391,212	3,427,800	3,336,700	3,405,300
Stamps	"	4,815,129	4,908,000	5,095,800	5,231,500
Excise	"	7,609,753	7,907,900	8,173,700	8,416,900
Customs	"	6,468,567	6,398,300	6,984,600	6,862,800
Other Heads	"	5,194,604	5,217,800	5,453,200	4,919,100
TOTAL PRINCIPAL HEADS . . . . .	...	54,205,240	52,757,800	55,351,700	51,680,500
Interest	A	1,448,741	1,227,300	1,463,900	1,287,300
Post Office	"	2,134,279	2,218,900	2,259,500	2,360,800
Telegraph	"	1,087,425	1,065,100	1,142,000	1,191,800
Mint	"	367,100	205,700	532,000	240,600
Receipts by Civil Departments	"	1,238,131	1,226,600	1,295,300	1,296,300
Miscellaneous	"	813,076	552,400	713,100	589,200
Railways : Net Receipts	"	15,891,725	14,540,200	18,217,400	17,623,500
Irrigation	"	3,980,052	3,921,100	4,362,900	4,403,900
Other Public Works	"	326,924	320,900	300,900	286,900
Military Receipts	"	1,343,057	1,318,000	1,346,600	1,361,000
TOTAL REVENUE . . . . .	...	82,835,750	79,354,000	86,985,300	82,321,800

DELHI,
FINANCE DEPARTMENT,
March 1st, 1913.

W. D. WOOLLAM,
Offg. Deputy Comptroller General.

Revenue, of the Government of India, in India, and in England.

	For details, vide State- ment.	Accounts, 1911-1912.	Budget Estimate, 1912-1913.	Revised Estimate, 1912-1913.	Budget Estimate, 1913-1914.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	8,670,174	8,856,800	8,743,100	9,469,700
Interest	"	2,037,735	2,045,200	1,807,900	1,310,000
Post Office	"	2,008,470	2,049,200	2,036,400	2,057,200
Telegraph	"	1,093,934	1,094,500	1,121,100	1,231,000
Mint	"	116,507	101,400	142,300	103,700
Salaries and Expenses of Civil Departments	"	16,466,166	17,477,300	16,722,900	19,434,500
Miscellaneous Civil Charges	"	4,898,823	4,908,100	4,940,400	5,087,000
Famine Relief and Insurance	"	1,000,000	1,000,000	1,000,000	1,000,000
Railways: Interest and Miscellaneous Charges	"	12,103,955	12,518,300	12,601,300	13,071,200
Irrigation	"	3,174,883	3,314,900	3,313,100	3,564,600
Other Public Works	"	5,454,048	5,655,200	6,193,600	6,513,100
Military Services	"	20,901,637	20,412,500	20,982,000	21,007,800
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL . . .	...	77,926,332	79,433,400	79,604,100	83,849,800
<i>Add—Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.</i>	End of B	1,414,027	...	4,019,300	...
<i>Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.</i>	"	444,943	1,557,700	...	2,839,200
TOTAL EXPENDITURE CHARGED TO REVENUE . . . . .	...	78,895,416	77,875,700	83,623,400	81,010,600
SURPLUS . . . . .	...	3,940,334	1,478,300	3,361,900	1,311,200
TOTAL . . . . .	...	82,835,750	79,354,000	86,985,300	82,321,800

M. F. GAUNTLE
Comptroller General.

R. W. GILLAN,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1911-1912.	Budget Estimate, 1912-1913.	Revised Estimate, 1912-1913.	Budget Estimate 1913-1914.
		£	£	£	£
Surplus	C	3,940,334	1,478,300	3,361,900	1,811,200
Railway, Irrigation and other Capital not charged to Revenue—					
Capital raised and deposited by Railway Companies (net)	„	17,497	1,965,600	565,600	3,160,900
Debt, Deposits, and Advances—					
Permanent Debt (net incurred)	C	1,823,173	2,931,100	2,937,000	131,500
Unfunded Debt (net incurred)	„	1,815,193	1,318,700	1,774,700	1,501,400
Deposits and Advances (net)	„	2,209,480	...	4,592,300	...
Loans and Advances by Imperial Government (net Repayments)	„	201,914	...	187,600	13,100
Loans to Local Boards for Railway Construction	„	6,583	6,900	6,900	7,100
Remittances (net)	„	49,524	3,400	146,700	65,200
Secretary of State's Bills drawn	„	25,070,216	15,500,000	27,060,000	21,200,000
TOTAL RECEIPTS . . . . .	...	35,133,914	23,204,000	40,632,700	27,390,400
Opening Balance—India . . . . .	...	13,566,922	11,808,222	12,279,689	18,336,389
England . . . . .	...	(a) 18,174,349	19,395,949	(a) 19,463,723	(a) 10,627,923
TOTAL . . . . .	...	66,875,185	54,408,171	72,376,112	56,354,712

(a) Include balances of the Gold Standard Reserve as shown

W. D. WOOLLAM,

Offg. Deputy Comptroller General.

DELHI,

FINANCE DEPARTMENT;

March 1st, 1913.

Government of India, in India and in England.

	For details, vide State- ment.	DISBURSEMENTS.			
		Accounts, 1911-1912.	Budget Estimate, 1912-1913.	Revised Estimate, 1912-1913.	Budget Estimate, 1913-1914.
Railway, Irrigation and other Capital not charged to Revenue—		£	£	£	£
Outlay on Irrigation Works	C	1,536,531	1,415,500	1,500,000	1,466,700
Outlay on State Railways	"	6,981,384	7,836,700	9,042,000	10,113,400
Initial outlay on new Capital at Delhi	"	4,992	1,333,300	155,200	1,333,300
Outlay of Railway Companies (net)	"	986,530	1,319,500	1,245,000	2,048,300
TOTAL CAPITAL ACCOUNT DISBURSEMENTS . . . . .	...	9,509,437	11,905,000	11,942,200	14,961,700
Debt, Deposits and Advances—					
Temporary Debt (net Discharged)	C	500,000	4,500,000	4,500,000	...
Deposits and Advances (net)	"	...	1,184,300	...	2,175,300
Loans and Advances by Imperial Government (net Advances)	"	...	165,400	...	...
Loans and Advances by Provincial Governments (net Advances)	"	193,155	240,000	196,900	125,900
Secretary of State's Bill paid	"	24,929,181	15,769,000	26,772,700	21,203,000
TOTAL DISBURSEMENTS . . . . .	...	35,131,773	33,763,700	43,411,800	38,464,900
Closing Balance—India . . . . .	...	12,279,689	12,868,022	18,336,389	12,428,789
England . . . . .	...	(a) 19,463,723	7,776,449	(a) 10,627,923	(a) 5,461,023
TOTAL . . . . .	...	66,875,185	54,408,171	72,376,112	56,354,712

in the notes on pages 14 and 15.

M. F. GAUNTLETT,
Comptroller General.R. W. GILLIAN,
Secretary to the Government of India

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1911-1912.					REVISE	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial.				Imperial.	Provincial.
Principal Heads of Revenue—	R	R	£	£	£	R	R
I.—Land Revenue	11,53,67,139	19,61,0 3317	20,764,697	...	20,764,697	7,38,63,000	24,48,11,000
II.—Opium.	8,94,19,170	...	5,961,278	...	5,961,278	7,59,42,000	...
III.—Salt	5,08,68,180	...	3,391,212	...	3,391,212	5,00,51,000	...
IV.—Stamps	3,66,43,120	3,55,83,820	4,815,129	...	4,815,129	3,88,29,000	3,76,08,000
V.—Excise	3,39,35,352	8,02,10,933	7,609,753	...	7,609,753	3,45,26,000	8,79,79,000
VI.—Provincial Rates	13,592	82,16,603	548,680	...	548,680	21,000	83,88,000
VII.—Customs	9,70,28,499	...	6,468,567	...	6,488,567	10,47,69,000	...
VIII.—Assessed Taxes	1,36,86,519	1,11,06,662	1,652,878	...	1,652,878	1,42,56,000	1,15,65,000
IX.—Forest	10,38,209	2,82,44,480	1,952,179	...	1,952,179	9,76,000	3,03,77,000
X.—Registration	67,394	66,20,543	445,862	...	445,862	79,000	71,40,000
XI.—Tributes from Native States	89,25,074	...	595,005	...	595,005	90,43,000	...
TOTAL	44,69,92,248	36,60,86,358	54,205,240	...	54,205,240	40,24,58 000	42,78,18,000
 XII.—Interest	 1,04,88,928	 43,87,150	 991,739	 457,002	 1,448,741	 1,07,04,000	 42,32,000
XIII.—Post Office	3,20,14,179	...	* 2,134,279	...	2,134,279	3,38,92,000	...
XIV.—Telegraph	1,62,36,543	...	1,082,436	4,989	1,087,425	1,70,37,000	...
XV.—Mint	55,04,452	...	366,933	137	367,100	79,89,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	2,90,643	45,64,247	323,660	...	323,660	2,35,000	49,15,000
{ Jails	3,75,083	34,25,232	253,354	...	253,354	3,76,000	33,59,000
XVII.—Police	59,506	17,81,559	122,738	...	122,738	61,000	19,84,000
XVIII.—Ports and Pilotage . . . . .	...	22,76,052	151,737	...	151,737	...	23,68,000
XIX.—Education	44,906	30,39,247	205,610	...	205,610	50,000	32,40,000
XX.—Medical	7,658	9,82,168	65,988	859	66,847	9,000	11,26,000
XXI.—Scientific and other minor departments	2,75,801	14,22,008	113,187	998	114,185	2,43,000	14,40,000
TOTAL	10,53,597	1,74,90,513	1,236,274	1,857	1,238,131	9,74,000	1,84,32,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation	12,36,643	7,84,623	134,751	66,719	201,470	12,60,000	8,11,000
XXIII.—Stationery and Printing	6,61,671	7,91,691	93,891	...	93,891	6,33,000	7,95,000
XXIV.—Exchange	15,85,457	...	105,697	...	105,697	16,39,000	...
XXV.—Miscellaneous	25,34,016	30,50,543	372,304	36,714	4,9,018	15,16,000	28,68,000
TOTAL	60,17,787	46,26,890	709,643	103,433	813,076	50,48,000	44,74,000
Railways—							
XXVI.—State Railways (Gross Receipts)	50,35,67,021	1,16,435	33,578,899	230	33,579,129	55,58,90,000	1,10,000
Deduct :—Working Expenses	25,88,61,617	84,107	17,263,048	...	17,263,048	27,39,12,000	85,000
Surplus profits paid to Companies, etc.	72,30,008	...	482,001	...	482,001	98,19,000	...
Net Receipts	23,74,75,396	32,358	15,833,850	230	15,834,080	27,21,59,000	22,000
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of advances of Interest)	1,92,296	...	12,820	44,825	57,645	2,14,000	...
TOTAL	23,76,67,692	32,358	15,846,670	45,055	15,891,725	27,23,73,000	22,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,47,35,150	2,09,87,838	2,381,533	...	2,381,533	1,66,61,000	2,24,24,000
Portion of Land Revenue due to Irrigation	1,10,88,126	91,83,851	1,351,435	...	1,351,465	1,22,53,000	1,03,38,000
XXX.—Minor Works and Navigation	13,91,829	23,13,980	247,054	...	247,054	14,13,000	23,52,000
TOTAL	2,72,15,105	3,24,85,669	3,980,052	...	3,980,052	3,03,29,000	3,51,14,000
Other Public Works—							
XXXI.—Civil Works	10,53,848	38,50,619	326,924	...	326,924	5,65,000	39 48,000
Military Receipts—							
XXXII.—Army: Effective	92,45,431	...	616,362	444,668	1,061,030	1,11,00,000	...
Non-Effective	12,45,992	...	83,066	35,270	118,336	12,78,000	...
XXXIII.—Marine	1,04,91,423	...	699,428	479,938	1,179,366	1,23,78,000	...
XXXIV.—Military Works	12,73,487	...	84,900	...	84,900	13,17,000	...
	11,81,866	...	78,791	...	78,791	11,00,000	...
TOTAL	1,29,46,776	...	863,119	479,938	1,343,057	1,47,95,000	...
TOTAL REVENUE	79,71,91,155	42,89,58,927	81,743,339	1,092,411	82,835,750	79,61,55,000	49,40,70,000

India, in India and in England.

ESTIMATE, 1912-1913.			Increase + Decrease — as compared with Budget Estimate, 1912-13.	BUDGET ESTIMATE, 1913-14.					Increase + Decrease — of Budget, 1913-1914, as compared with Budget Estimate 1912-1913	Increase + Decrease — of Budget, 1913-1914, as compared with Revised Estimate, 1912-1913.
Total India (converted into £ at R15 = £1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15 = £1).	England.	TOTAL.		
£	£	£	£	₹	₹	£	£	£	£	£
21,244,900	...	21,244,900	- 31,100	12,55,99,000	19,53,99,000	21,399,900	...	21,399,900	+ 123,900	+ 155,000
5,062,800	...	5,062,800	+ 1,440,800	2,11,75,000	...	1,445,000	...	1,445,000	- 2,177,000	- 3,617,800
3,336,700	...	3,336,700	- 91,100	5,10,80,000	...	3,405,300	...	3,405,300	- 22,500	+ 68,000
5,09,800	...	5,095,800	+ 187,800	3,99,25,000	3,85,48,000	5,231,500	...	5,231,500	+ 323,500	+ 135,700
8,173,700	...	8,173,700	+ 265,800	3,57,80,000	9,04,73,000	8,416,900	...	8,416,900	+ 500,000	+ 243,200
557,300	...	557,300	+ 6,900	18,000	4,13,000	28,700	...	28,700	- 521,700	- 528,600
6,984,600	...	6,984,600	+ 586,300	10,29,42,000	...	6,862,800	...	6,862,800	+ 464,500	- 121,800
1,71,400	...	1,721,400	+ 76,000	1,45,22,000	1,17,50,000	1,751,500	...	1,751,500	+ 103,100	+ 30,100
2,090,200	...	2,090,200	+ 115,700	10,11,000	2,94,36,000	2,029,800	...	2,029,800	+ 55,300	- 60,400
431,300	...	481,300	+ 37,700	90,000	72,83,000	491,900	...	491,900	+ 48,300	+ 10,600
603,000	...	603,000	- 900	92,58,000	...	617,200	...	617,200	+ 13,300	+ 14,200
55,351,700	...	55,351,700	+ 2,593,900	40,19,00,000	37,33,08,000	51,680,500	...	51,680,500	- 1,077,300	- 3,671,200
997,700	466,200	1,433,900	+ 236,600	1,09,30,000	43,27,000	1,017,100	270,200	1,287,300	+ 60,000	- 173,600
2,259,500	...	2,259,500	+ 40,600	3,54,12,000	...	2,360,800	...	2,360,800	+ 141,900	+ 101,300
1,135,800	6,200	1,142,000	+ 76,900	1,78,01,000	...	1,183,800	5,000	1,191,800	+ 126,700	+ 49,800
532,000	...	532,000	+ 326,300	36,09,000	...	240,600	...	240,600	+ 34,900	- 291,400
343,300	...	343,300	+ 21,600	2,62,000	48,30,000	339,500	...	339,500	+ 17,800	- 3,800
249,000	...	249,000	- 500	3,94,000	33,71,000	251,000	...	251,000	+ 1,500	+ 2,000
13,300	...	136,300	+ 28,800	64,000	17,91,000	124,000	...	124,000	+ 16,500	- 12,300
157,900	...	157,900	+ 11,700	...	23,98,000	1,9,900	...	159,900	+ 13,700	+ 2,000
219,300	...	219,300	+ 6,600	59,000	34,02,000	230,700	...	230,700	+ 18,000	+ 11,400
73,700	800	76,500	+ 11,200	10,000	10,84,000	72,900	700	73,600	+ 8,300	- 2,900
112,200	800	113,000	- 10,700	1,80,000	15,71,000	116,800	800	117,300	- 6,100	+ 4,600
1,293,700	1,600	1,295,300	+ 68,700	9,69,000	1,84,52,000	1,294,800	1,500	1,296,300	+ 69,700	+ 1,000
138,100	63,100	201,200	+ 2,100	12,63,000	8,68,000	142,100	64,600	206,700	+ 7,000	+ 5,500
95,200	...	95,200	+ 200	6,29,000	7,85,000	94,300	...	94,300	- 700	- 800
109,300	...	109,300	+ 109,300	5,00,000	...	33,300	...	33,300	+ 33,300	- 76,000
292,200	15,200	307,400	+ 49,100	13,44,000	21,53,000	233,100	21,800	254,900	- 3,400	- 52,500
634,800	78,300	713,100	+ 160,700	37,36,000	38,06,000	502,800	86,400	589,200	+ 36,800	- 123,900
57,066,600	200	37,036,800	+ 4,493,900	55,11,90,000	1,10,000	36,753,300	200	36,753,500	+ 4,186,600	- 313,300
18,266,600	...	18,266,600	- 599,900	28,21,62,000	87,000	18,816,600	...	18,816,600	- 1,149,900	- 570,000
654,600	...	654,600	- 243,500	59,70,000	...	225,000	...	398,000	+ 13,100	+ 256,600
18,145,400	200	18,145,600	+ 3,656,500	26,30,58,000	23,000	17,538,700	200	17,538,900	+ 3,049,800	- 606,700
14,300	57,500	71,800	+ 20,700	2,19,000	...	14,600	70,000	84,600	+ 33,500	+ 12,800
18,159,700	57,700	18,217,400	+ 3,677,200	26,32,77,000	23,000	17,553,300	70,200	17,623,500	+ 3,063,300	- 593,900
2,605,700	...	2,605,700	+ 313,200	1,66,32,000	2,26,61,000	2,619,500	...	2,619,500	+ 327,000	+ 13,800
1,506,000	...	1,506,000	+ 121,700	1,24,36,000	1,05,10,000	1,529,700	...	1,529,700	+ 145,400	+ 23,700
251,200	...	251,200	+ 6,900	14,58,000	23,62,000	254,700	...	254,700	+ 10,400	+ 3,500
4,362,900	...	4,362,900	+ 441,800	3,05,26,000	3,55,33,000	4,403,900	...	4,403,900	+ 482,800	+ 41,000
300,900	...	300,900	- 20,000	5,20,000	37,84,000	286,900	...	283,900	- 34,000	- 14,000
740,000	324,300	1,064,300	+ 21,700	1,09,74,000	...	731,600	330,000	1,032,200	+ 19,600	- 2,100
85,000	36,000	121,200	+ 8,900	12,97,000	...	86,500	38,000	124,500	+ 12,200	+ 3,300
825,200	360,300	1,185,500	+ 30,600	1,22,71,000	...	818,100	368,600	1,186,700	+ 31,800	+ 1,200
87,800	...	87,800	- 3,300	14,74,000	...	98,300	...	98,300	+ 7,200	+ 10,500
73,300	...	73,300	+ 1,300	11,40,000	...	76,000	...	76,000	+ 4,000	+ 2,700
983,300	360,300	1,346,600	+ 28,600	1,48,55,000	...	992,400	368,600	1,361,000	+ 43,000	+ 14,400
86,015,000	970,300	83,985,300	+ 7,631,300	78,35,65,000	43,92,33,000	81,519,900	801,900	82,321,800	+ 2,967,800	- 4,663,500

Revenues of India, in India and in England.

ESTIMATE, 1912-1913.			Increase + Decrease — as compared with Budget Estimate, 1912-1913.	BUDGET ESTIMATE, 1913-1914.					Increase + Decrease — of Budget, 1913-1914, as compared with Budget Estimate, 1912-1913.	Increase + Decrease — of Budget, 1913-1914, as compared with Revised Estimate, 1912-1913.
Total India (converted into £ at R15 = £1).	England.	TOTAL.		INDIA. RUPEE (FIGURES).		Total India (converted into £ at R15 = £1).	England.	TOTAL.		
				Imperial.	Provincial.					
£	£	£	£	R	R	£	£	£	£	£
316,400	...	316,400	+44,200	32,44,000	12,78,000	301,500	...	301,500	+29,300	£ -14,900
1,226,500	...	1,226,500	-1,700	81,89,000	1,03,55,000	1,236,300	...	1,236,300	+8,100	+9,800
3,910,200	2,000	3,912,200	-56,000	47,03,000	5,56,71,000	4,024,900	1,300	4,026,200	+58,000	+114,000
604,900	400	605,300	-82,400	1,70,25,000	...	1,135,000	400	1,135,400	+447,700	+530,100
375,800	900	376,200	-700	56,57,000	...	377,100	1,500	378,600	+1,700	+2,400
61,300	80,000	141,300	-13,700	-1,42,000	12,24,000	72,100	91,600	163,700	+8,700	+22,400
434,400	...	434,400	+400	21,74,000	46,10,000	452,300	...	452,300	+18,300	+17,900
6,100	...	6,100	+200	...	...	...	...	...	-5,900	-6,100
259,800	200	260,000	+4,000	40,03,000	...	266,900	100	267,000	+11,000	+7,000
29,300	...	29,300	-300	2,39,000	2,32,000	31,400	...	31,400	+1,800	+2,100
1,182,500	4,800	1,187,300	-9,900	12,86,000	1,70,14,000	1,220,000	4,600	1,224,600	+27,400	+37,300
248,100	...	248,100	+2,200	27,000	37,64,000	252,700	...	252,700	+6,800	+4,600
8,654,800	88,300	8,743,100	-113,700	4,64,05,000	9,41,48,000	9,370,200	99,500	9,469,700	+612,900	+726,600
3,333,400	6,204,100	9,537,500	-37,600	3,80,85,000	1,34,15,000	3,433,300	5,912,800	9,346,100	-229,000	-191,400
3,317,600	3,784,300	7,101,900	-160,700	5,37,06,000	...	3,580,400	3,806,800	7,387,200	-446,000	-285,300
1,163,800	124,800	1,288,600	-47,100	81,52,000	1,03,42,000	1,232,900	126,900	1,359,800	-118,300	-71,200
-1,148,000	2,295,000	1,147,000	-245,400	-2,37,73,000	30,73,000	-1,380,000	1,979,100	599,100	-793,300	-547,900
660,900	...	660,900	+8,100	1,06,64,000	...	710,900	...	710,900	+58,100	+50,000
-487,100	2,295,000	1,807,900	-237,300	-1,31,09,000	30,73,000	-639,100	1,979,100	1,310,000	-735,200	-497,900
1,981,700	54,700	2,036,400	-12,800	2,99,04,000	...	1,993,600	63,600	2,057,200	+8,000	+20,800
941,900	179,200	1,121,100	+26,600	1,45,96,000	...	973,100	257,900	1,231,000	+136,500	+109,900
135,200	7,100	142,300	+40,900	14,33,000	...	95,600	8,100	103,700	+2,300	-38,600
1,546,800	380,800	1,927,600	+23,600	1,04,07,000	1,28,27,000	1,548,900	390,000	1,938,900	+34,900	+11,300
2,996,900	3,200	3,000,100	+23,000	11,48,000	4,43,16,000	3,030,900	500	3,031,400	+54,300	+31,300
878,500	...	878,500	-10,700	19,44,000	1,14,83,000	895,100	...	895,100	+5,900	+16,600
4,651,800	1,600	4,653,400	-7,600	37,59,000	7,03,12,000	4,938,100	1,500	4,939,600	+278,600	+286,200
185,700	100	185,800	+10,200	...	29,83,000	198,900	100	199,000	+23,400	+13,200
2,566,100	10,500	2,576,600	-491,300	20,62,000	5,90,09,000	4,071,400	10,500	4,081,900	+1,014,000	+1,505,300
125,300	400	125,700	-6,200	19,32,000	...	128,800	400	129,200	-2,700	+3,500
1,376,500	12,100	1,388,600	-306,200	23,65,000	2,78,63,000	2,015,200	12,000	2,027,200	+332,400	+638,600
993,400	9,600	1,003,000	+76,700	1,32,70,000	25,73,000	1,056,200	22,800	1,079,000	+152,700	+76,000
957,600	26,000	983,600	-65,900	63,69,000	98,95,000	1,084,300	28,900	1,113,200	+63,700	+129,600
16,278,600	444,300	16,722,900	-754,400	4,32,56,000	24,12,61,000	18,967,800	466,700	19,434,500	+1,957,200	+2,711,600
212,700	11,300	224,000	-5,000	32,39,000	...	215,900	11,100	227,000	-2,000	+3,000
1,100	409,000	410,100	+5,600	12,000	...	800	404,000	404,800	+300	-5,300
1,204,300	2,074,000	3,278,300	+33,600	15,35,000	1,72,77,000	1,254,100	2,077,000	3,331,100	+86,400	+52,800
587,400	96,400	683,800	-7,900	11,96,000	77,15,000	594,100	84,600	678,700	-13,000	-5,100
306,800	37,400	344,200	+6,000	21,48,000	38,06,000	396,900	48,500	445,400	+107,200	+101,200
2,312,300	2,628,100	4,940,400	+32,300	81,30,000	2,87,98,000	2,461,800	2,625,200	5,087,000	+178,900	+146,600
188,700	...	188,700	+58,200	6,99,000	...	46,600	...	46,600	-86,900	-142,100
29,000	14,900	43,900	+600	1,29,000	...	8,600	...	8,600	-34,700	-35,300
419,100	7,100	426,200	-30,500	72,63,000	...	484,200	7,200	491,400	+34,700	+65,200
341,200	...	341,200	-25,300	30,51,000	37,50,000	453,400	...	453,400	+86,900	+112,200
978,000	22,000	1,000,000	...	1,11,42,000	37,50,000	992,800	7,200	1,000,000	...	...
30,795,400	5,718,700	36,514,100	-1,018,400	14,17,57,000	37,10,30,000	34,185,800	5,507,300	39,693,100	+2,160,600	+3,179,000

BUDGET ESTIMATE, 1913-1914.			
INDIA.		England.	TOTAL.
Amount in Rupees.	Equivalent in £ at R15 = £1.		
R	£	£	£
5,00,79,000	3,338,600	3,631,300	6,969,900
36,27,000	241,800	175,500	417,300
5,37,03,000	3,580,400	3,806,800	7,387,200

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1911-1912.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R 15 = £1)	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial.				Imperial.	Provincial.
	R	R	£	£	£	R	R
Brought forward	14,04,13,363	31,74,49,268	30,524,176	5,767,633	36,291,809	13,18,89,000	33,00,42,000
Railways—							
38.—State Railways : Interest on Debt	4,24,81,923	...	2,832 28	3,446,942	6,279,070	4,63,50,000	...
Annuities in purchase of Railways	...	...	...	3,357,301	3,357,301	...	...
Sinking Funds	...	...	...	177,677	177,677	...	...
Interest chargeable against Companies on Advances	31,44,602	...	209,640	175,500	385,140	34,14,000	...
Interest on Capital deposited by Companies	26,80,203	...	178,680	1,647,290	1,825,970	28,98,000	...
40.—Subsidized Companies : Land, etc.	8,96,204	13,190	60,626	...	60,626	7,64,000	19,000
41.—Miscellaneous Railway Expenditure	2,62,400	10,160	18,171	...	18,171	8,47,000	9,000
TOTAL	4,94,65,332	23,350	3,299,245	8,804,710	12,103,955	5,42,73,000	28,000
Irrigation—							
42.—Major Works : Working Expenses	75,78,960	95,97,583	1,145,103	...	1,145,103	76,90,000	94,45,000
Interest on Debt	66,69,010	93,25,070	1,066,272	116,595	1,182,867	74,74,000	99,83,000
42A.—Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance	...	...	...	...	...	...	...
43.—Minor Works and Navigation	39,65,122	87,25,975	846,073	840	846,913	41,93,000	90,11,000
TOTAL	1,82,13,092	2,76,48,628	3,057,448	117,435	3,174,883	1,93,57,000	2,84,39,000
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	...	12,535	836	...	836	...	61,000
45.—Civil Works	1,12,37,405	6,92,88,892	5,368,419	84,793	5,453,212	1,62,75,000	7,52,10,000
TOTAL	1,12,37,405	6,93,01,427	5,369,255	84,793	5,454,048	1,62,75,000	7,52,71,000
Military Services—							
46.—Army : Effective	20,84,03,972	...	13,893,598	2,439,364	16,332,962	20,51,01,000	...
Non-Effective	1,04,85,675	...	699,045	2,504,539	3,203,584	1,06,12,000	...
	21,88,89,647	...	14,592,643	4,943,903	19,536,546	21,57,13,000	...
46A.—Marine	37,61,939	...	250,796	199,932	450,728	37,92,000	...
47.—Military Works	1,30,83,104	...	872,407	37,250	909,657	1,27,59,000	...
47A.—Special Defences (1902)	40,570	...	2,705	2,001	4,706	1,00,000	...
TOTAL	23,57,78,260	...	15,718,551	5,183,086	20,901,637	23,23,64,000	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	45,51,07,452	41,44,22,673	57,968,675	19,957,657	77,926,332	45,41,58,000	43,37,80,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	2,12,10,407	1,414,027	...	1,414,027	...	6,02,90,000
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	...	66,74,153	444,943	...	444,943	...	...
Total Expenditure charged to Revenue	45,51,07,452	42,89,58,927	58,937,759	19,957,657	78,895,416	45,41,58,000	49,40,70,000

ACCOUNTS, 1911-1912.				
INDIA.		England.	Total.	
Amount in Rupees.	Equivalent in £ at R15 = £1.			
R	£	£	£	
48.—State Railways	7,26,11,789	4,840,786	2,140,598	6,981,384
49.—Irrigation Works	2,17,33,198	1,448,880	87,651	1,536,531
TOTAL	9,43,44,987	6,289,666	2,228,249	8,517,915
51.—Initial Expenditure on new Capital at Delhi	74,799	4,986	6	4,992

Revenue of India, in India and in England—continued.

ESTIMATE, 1912-1913.				BUDGET ESTIMATE, 1913-1914.					Increase + Decrease — of Budget, 1913-1914, as compared with Budget Estimate, 1912-1913.	Increase + Decrease — of Budget, 1913-1914, as compared with Revised Estimate, 1912-1913.
Total India (converted into £ at R15 = £1).	England.	TOTAL.	Increase + Decrease — as compared with Budget Estimate, 1912-1913.	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15 = £1).	England.	TOTAL.	£	£
£	£	£	£	Imperial.	Provincial.	£	£	£		
R	R	£	£	R	R	£	£	£	£	£
30,795,400	5,718,700	36,514,100	—1,018,400	14,17,57,000	37,10,30,000	34,185,800	5,507,300	39,693,100	+ 2,160,600	+ 3,179,000
3,090,000	3,608,800	6,698,800	+ 185,200	5,00,79,000	...	3,338,600	3,631,300	6,969,900	+ 456,300	+ 271,100
...	3,357,700	3,357,700	—100	...	...	...	3,379,500	3,379,500	+ 21,700	+ 21,800
...	184,300	184,300	...	...	...	...	191,500	191,500	+ 7,200	+ 7,200
227,600	175,500	403,100	—24,500	36,27,000	...	241,800	175,500	417,300	—10,300	+ 14,200
193,200	1,654,900	1,848,100	—14,600	34,33,000	...	228,900	1,726,200	1,955,100	+ 92,400	+ 107,000
52,200	...	52,200	—69,000	16,00,000	10,000	107,300	...	107,300	—13,900	+ 55,100
57,100	...	57,100	+ 6,000	7,58,000	...	50,600	...	50,600	—500	—6,500
3,620,100	8,981,200	12,601,300	+ 83,000	5,94,97,000	10,000	3,967,200	9,104,000	13,071,200	+ 552,900	+ 169,900
1,142,300	...	1,142,300	+ 36,400	78,61,000	95,78,000	1,162,600	...	1,162,600	+ 56,700	+ 20,300
1,163,800	124,800	1,288,600	+ 47,100	81,52,000	1,03,42,000	1,232,900	126,900	1,359,800	+ 118,300	+ 71,200
...	...	...	—43,300	16,29,000	...	108,600	...	108,600	+ 65,300	+ 108,600
880,300	1,900	882,200	—42,000	45,91,000	93,05,00	26,400	7,200	933,600	+ 9,400	+ 51,400
3,186,400	126,700	3,313,100	—1,800	2,22,33,000	2,92,25,000	1,05,500	134,100	3,564,600	+ 249,700	+ 251,500
...
4,100	...	4,100	+ 600	...	32,000	2,100	...	2,100	—1,400	—2,000
6,099,000	90,500	6,189,500	+ 537,800	1,48,59,000	8,15,25,000	6,425,600	85,400	6,511,000	+ 859,200	+ 321,500
6,103,100	90,500	6,193,600	+ 538,400	1,48,59,000	8,15,57,000	6,427,700	85,400	6,513,100	+ 857,900	+ 319,500
13,673,400	2,692,500	16,365,900	+ 510,900	20,36,18,000	...	13,574,500	2,723,000	16,297,500	+ 442,500	—68,400
707,500	2,535,300	3,242,800	+ 13,100	1,06,40,000	...	709,400	2,549,000	3,258,400	+ 28,700	+ 15,600
14,380,900	5,227,800	19,608,700	+ 524,000	21,42,58,000	...	14,283,900	5,272,000	19,555,900	+ 471,200	—52,300
252,800	224,000	476,800	+ 29,700	34,01,000	...	226,700	251,600	478,300	+ 31,200	+ 1,500
850,600	30,000	880,600	+ 20,100	1,39,39,000	...	929,300	19,800	949,100	+ 88,600	+ 68,500
6,600	9,300	15,900	—4,300	2,62,000	...	17,400	7,100	24,500	+ 4,300	+ 8,600
15,490,900	5,491,100	20,982,000	+ 569,500	23,18,60,000	...	15,457,300	5,550,500	21,007,800	+ 595,300	+ 25,800
59,195,900	20,408,200	79,604,100	+ 170,700	47,02,06,000	48,18,22,000	63,468,500	20,381,300	83,849,800	+ 4,416,400	+ 4,245,700
4,019,300	...	4,019,300	+ 5,577,000	...	...	...	...	...	—1,281,500	—6,858,500
...	...	...		...	4,25,89,000	2,839,200	...	2,839,200		
63,215,200	20,408,200	83,623,400	+ 5,747,700	47,02,06,000	43,92,33,000	60,629,300	20,381,300	81,010,600	+ 3,134,900	—2,612,800

REVISED ESTIMATE, 1912-1913.				BUDGET ESTIMATE, 1913-1914.			
INDIA.		England.	TOTAL.	INDIA		England.	TOTAL.
Amount in Rupees.	Equivalent in £ at R15 = £1.			Amount in Rupees.	Equivalent in £ at R15 = £1.		
Rs.	£	£	£	Rs.	£	£	£
9,81,00,000	6,540,000	2,502,000	9,042,000	11,40,53,000	7,603,500	2,509,900	10,113,400
2,20,01,000	1,466,700	33,300	1,500,000	2,06,77,000	1,378,500	88,200	1,466,700
12,01,01,000	8,006,700	2,535,300	10,542,000	13,47,30,000	8,982,000	2,598,100	11,580,100
22,23,000	148,200	7,000	155,200	1,99,25,000	1,328,300	5,000	1,333,300

C.—Statement of Receipts and Disbursement of the

	ACCOUNTS, 1911-1912.			REVISED ESTIMATE, 1912-1913.			BUDGET ESTIMATE, 1913-1914.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A) .	81,743,339	1,092,411	82,835,750	86,015,000	970,300	86,985,300	81,519,900	801,900	82,321,800
Excess of Revenue over Expenditure charged to Revenue			3,940,334			3,361,900			1,311,200
Railway, Irrigation, and other Capital not charged to Revenue—									
OUTLAY OF RAILWAY COMPANIES—									
Repayments . . . .	...	2,029	2,029	...	4,000	4,000	...	2,000	2,000
NET			0			0			
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	57,497	...	57,497	70,600	905,000	975,600	160,900	4,415,000	4,575,900
NET			17,497			565,600			3,160,900
Permanent Debt Incurred—									
<i>Sterling Debt—</i>									
India Stock . . . .	...	2,855,103		...	3,000,000		...	...
<i>Rupee Debt—</i>									
Rupee Loan	1,333,333	...		2,000,000	...		2,000,000	...	
TOTAL	1,333,333	2,855,103	4,188,436	2,000,000	3,000,000	5,000,000	2,000,000	...	2,000,000
NET			1,823,173			2,937,000			131,500
Temporary Debt Incurred—									
Temporary Loans . . . .	...	4,500,000	4,500,000	...	...	...	...	...	...
NET			0			0			0
Unfunded Debt—									
Deposits of Service Funds	89,721	...		90,100	...		90,000	...	
Savings Bank Deposits	6,750,855	...		7,556,700	...		7,509,800	...	
TOTAL	6,840,576	...	6,840,576	7,646,800	...	7,646,800	7,599,800	...	7,599,800
NET			1,815,193			1,774,700			1,501,400
Deposits and Advances—									
Balances of Provincial Allotments	1,414,027	...		4,019,300	...		...	...
Appropriation for Reduction or Avoidance of Debt	457,967	...		841,200	...		453,400	...	
Deposits of Local Funds—									
District Funds	3,696,473	...		4,170,500	...		3,914,000	...	
Other Funds	1,194,862	...		1,347,500	...		1,182,500	...	
Deposits of Sinking Funds	27,552	...		42,100	...		43,800	...	
Gold Standard Reserve . . . .	...	9,465,535		3,265,700	11,263,900		...	6,178,100	
Currency Reserve—									
Council Bills appropriated . . . .	...	1,988,333		...	...		...	...
Gold received from India . . . .	...	...		...	1,600,000		...	...
Gold transferred	1,988,333	...		...	...		...	...
Departmental and Judicial Deposits	24,965,219	...		26,870,900	...		26,204,700	...	
Advances	10,604,375	27,227		5,198,600	8,600		4,606,800	24,600	
Suspense Accounts	287,178	...		128,100	...		17,600	...	
Exchange on Remittance Accounts (net)	22,555	...		...	...		...	...
Miscellaneous	26,174	...		2,400	...		6,800	...	
TOTAL	44,684,715	11,501,095	56,185,810	45,986,300	12,872,500	58,258,800	36,429,600	6,202,700	42,632,300
NET			2,209,480			4,592,300			0
Carried over	134,659,460	19,950,638		141,118,700	17,751,800		127,710,200	11,421,600	

Government of India, in India and in England.

	ACCOUNTS, 1911-1912.			REVISED ESTIMATE, 1912-1913.			BUDGET ESTIMATE, 1913-1914.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
Expenditure, Imperial and Provincial (from Statement B)	£	£	£	£	£	£	£	£	£
57,968,675	19,957,657	77,926,332	59,195,900	20,408,200	79,604,100	63,468,500	20,381,300	83,849,800	
Add—Provincial surpluses transferred to "Deposits"	1,414,027	...	1,414,027	4,019,300	...	4,019,300	...	...	...
Deduct—Provincial Deficits charged to "Deposits"	444,943	...	444,943	...	...	...	2,839,200	...	2,839,200
TOTAL	58,937,559	19,957,657	78,895,416	63,215,200	20,408,200	83,623,400	60,629,300	20,381,300	81,010,600
Railway, Irrigation, and other Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	1,448,880	87,651	1,536,531	1,466,700	33,300	1,500,000	1,378,500	88,200	1,466,700
OUTLAY ON STATE RAILWAYS	4,840,786	2,140,598	6,981,384	6,540,000	2,502,000	9,042,000	7,603,500	2,509,900	10,113,400
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	4,986	6	4,992	148,200	7,000	155,200	1,328,300	5,000	1,333,300
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital outlay	314,614	673,945	988,559	171,700	1,077,300	1,249,000	227,400	1,822,900	2,050,300
NET			986,530			1,245,000			2,048,300
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for discharge of Debentures	...	40,000	40,000	...	410,000	410,000	...	1,415,000	1,415,000
NET			0			0			0
Permanent Debt Discharged—									
Sterling Debt—									
Madras Railway Debentures	...	868,700	...	...	249,700	...	...	170,000	...
Indian Midland Do.	...	907,500	...	...	1,227,900	...	...	1,111,200	...
India Bonds	...	500,000	...	...	500,000	...	...	500,000	...
Rupee Debt—									
4½ p. c. loans	67	...	...	...	...	...	...	...	...
4 p. c. Loans	80,910	...	...	82,400	...	...	82,400	...	...
3½ p. c. Loans	200	...	...	100	...	...	100	...	...
3 p. c. Loans	7,886	...	...	2,800	...	...	4,800	...	...
Provincial Debentures	...	...	...	100	...	...	...	...	...
TOTAL	89,063	2,276,200	2,365,263	85,400	1,977,600	2,063,000	87,300	1,781,200	1,868,500
NET			0			0			0
Temporary Debt Discharged—									
Temporary Loans	...	5,000,000	5,000,000	...	4,500,000	4,500,000	...	...	...
NET			500,000			4,500,000			0
Unfunded Debt—									
Special Loans	269	...	...	200	...	...	200	...	...
Deposits of Service Funds	93,577	...	...	93,700	...	...	96,200	...	...
Savings Bank Deposits	4,931,537	...	...	5,778,200	...	...	6,002,000	...	...
TOTAL	5,025,383	...	5,025,383	5,872,100	...	5,872,100	6,098,400	...	6,098,400
NET			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	444,943	...	...	...	...	...	2,839,200	...	...
Deposits of Local Funds—									
District Funds	3,593,981	...	...	4,015,800	...	...	3,847,300	...	...
Other Funds	1,121,303	...	...	1,215,200	...	...	1,134,300	...	...
Gold Standard Reserve	...	9,889,183	...	3,265,700	11,332,600	...	...	6,164,500	...
Currency Reserve—									
Council Bills appropriated	1,988,333	...	...	...	...	...	...	...	...
Gold Transferred	...	655,000	...	...	1,600,000	...	...	...	...
Sums invested	...	1,333,333	...	...	...	...	...	...	...
Departmental and Judicial Deposits	24,514,769	...	...	26,653,700	...	...	26,133,300	...	...
Advances	10,231,543	73,813	...	5,198,100	180,100	...	4,594,200	25,000	...
Suspense Accounts	111,078	...	...	186,700	...	...	69,800	...	...
Exchange on Remittance account (net)	...	...	...	18,600	...	...	...	...	...
Miscellaneous	19,027	24	...	...	...	...	...	...	...
TOTAL	42,024,977	11,951,353	53,976,330	40,553,800	13,112,700	53,666,500	38,618,100	6,189,500	44,807,600
NET			0			0			2,175,300
Carried over	112,686,448	42,127,410		118,053,100	44,028,100		115,970,800	34,193,000	

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1911-1912.			REVISED ESTIMATE, 1912-1913.			BUDGET ESTIMATE, 1913-1914.		
	India.	England.	TOTAL.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . . .	134,659,460	19,950,638		141,118,700	17,751,800		127,710,200	11,421,600	
Loans and Advances by Imperial Govern- ment	264,742	...	264,742	260,000	...	260,000	199,000	...	199,000
NET			201,914			187,600			13,100
Loans and Advances by Provincial Governments	986,707	...	986,707	1,091,300	...	1,091,300	937,600	...	937,600
NET			0			0			0
Loans to Local Boards for Railway Con- struction	6,583	...	6,583	6,900	...	6,900	7,100		7,100
NET			6,583			6,900			7,100
Remittances—									
Inland Money Orders . . .	32,427,579	...		33,333,300	...		34,693,400	...	
Other Local Remittances . .	87,885	...		440,100	...		434,700	...	
Other Departmental Ac- counts	6,226	...		...	...		...	...
Net Receipts by Civil Trea- suries from—									
Post Office	2,168,276	...		2,241,900	...		2,028,300	...	
Railways	12,606,038	...		14,765,700	...		13,704,100	...	
Public Works	8,700	...		...	...		...	...
Net Receipts from Civil Trea- suries by—									
Telegraph	733,423	...		733,700	...		718,300	...	
Marine	291,885	...		260,100	...		199,300	...	
Military Works	738,525	...		719,400	...		803,100	...	
Military	13,268,513	...		13,146,600	...		13,017,800	...	
Remittance Account between England and India—									
Purchase of Silver . . . .	...	...		7,060,000	...		...	...
Railway transactions . . .	2,195,707	7,655		3,650,300	24,600		4,914,900	504,800	
Other	903,598	1,253,414		2,559,900	1,877,700		771,800	1,390,000	
TOTAL	65,436,355	1,261,069	66,697,424	78,911,000	1,902,300	80,813,300	71,285,700	1,894,800	73,180,500
NET			49,524			146,700			65,200
Secretary of State's Bills drawn . . . .	...	25,070,216	25,070,216	...	27,030,000	27,030,000	...	21,200,000	21,200,000
TOTAL RECEIPTS	201,353,847	46,281,923		221,387,900	46,714,100		200,139,600	44,516,400	
Opening Balance	13,566,922	(a) 18,174,349		12,279,689	(b) 19,463,723		18,336,389	(c) 10,627,923	
GRAND TOTAL	214,920,769	64,456,272		233,667,589	66,177,823		218,475,989	45,144,323	

(a) Of this amount £1,477,358 represents the funds of the Gold Standard Reserve.

(c) " £1,005,000 " " " " " " "

Government of India, in India and England—*continued.*

	ACCOUNTS, 1911-1912.			REVISED ESTIMATE, 1912-1913.			BUDGET ESTIMATE, 1913-1914.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	112,686,448	42,127,410		118,053,100	44,028,100		115,970,800	34,193,000	
Loans and Advances by Imperial Government.	62,828	...	62,828	72,400	...	72,400	185,900	...	185,900
NET			0			0			0
Loans and Advances by Provincial Governments	1,179,862	...	1,179,862	1,288,200	...	1,288,200	1,033,500	...	1,063,500
NET			193,155			196,900			125,900
Remittances—									
Inland Money Orders	32,398,535	...		33,333,300	...		34,666,700	...	
Other Local Remittances	...	...		441,000	...		434,700	...	
Other Departmental Accounts	127	...		...	...		...	...
Net payments into Civil Treasuries by—									
Post Office	2,158,879	...		2,241,900	...		2,028,300	...	
Railways	12,704,524	...		14,647,300	...		13,704,100	...	
Net Issues from Civil Treasuries to—									
Telegraph	740,023	...		733,700	...		718,300	...	
Marine	292,953	...		260,100	...		199,300	...	
Military Works	749,165	...		719,400	...		803,100	...	
Military	13,268,720	...		13,146,600	...		13,017,800	...	
Remittance Account between England and India—									
Purchase of silver	...	...		...	7,060,000		...	...
Railway transactions	2,914	2,200,448		24,600	3,650,300		504,800	4,914,900	
Other	1,466,921	664,691		3,596,900	811,500		1,547,900	575,400	
TOTAL	63,782,761	2,865,139	66,647,900	69,144,800	11,521,800	80,666,600	67,625,000	5,490,300	
NET			0			0			
Secretary of State's Bills paid	24,929,181	...	24,929,181	26,772,700	...	26,772,700	21,202,000	...	21,202,000
TOTAL DISBURSEMENTS	202,641,080	44,992,549		215,331,200	55,549,900		206,047,200	39,683,300	
Closing Balance	12,279,689	19,463,723 ^(b)		18,336,389	10,627,923 ^(c)		13,428,789	5,461,023 ^(d)	
GRAND TOTAL	214,920,769	64,456,272		233,667,589	66,177,823		218,475,989	45,144,323	

(b) Of this amount £1,073,710 represents the funds of the Gold Standard Reserve.

(d) " £1,018,600 " " " " " "

M. F. GAUNTLETT,
Comptroller General.R. W. GILLAN,
Secretary to the Government of India.

D.—Account of Provincial Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.

Provincial Balances.

	Central Provin- ces and Berar.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	Madras.	Bombay.	TOTAL.	Equivalent in £ at R15=£1.
	R	R	R	R	R	R	R	R	R	£
Accounts, 1911-1912.										
Balance at end of 1910-1911 . . .	27,72,214	54,08,035	72,89,698	1,30,78,265	86,90,485	69,74,978	1,55,90,102	1,63,06,351	7,61,10,158	5,074,010
Added in 1911-1912 . . .	12,14,573	...	52,18,802	82,96,235	1,44,240	33,98,055	29,38,502	...	2,12,10,407	1,414,027
Spent in 1911-1912 . . .	...	12,60,040	...	...	...	...	...	54,14,113	66,74,153	444,943
Balance at end of 1911-1912 . . .	39,86,787	41,48,025	1,25,08,500	2,13,74,500	88,34,725	1,03,73,033	1,85,28,604	1,08,92,238	9,06,46,412	6,043,094
Revised Estimate, 1912-1913.										
Balance at end of 1911-1912 . . .	39,86,787	41,48,025	41,96,000	1,66,25,000	1,30,62,000	88,34,725	1,03,73,033	1,85,28,604	1,08,92,238	9,06,46,412
Added in 1912-1913 . . .	44,97,000	69,12,000	35,59,000	1,17,73,000	65,69,000	83,28,000	84,36,000	43,01,000	59,15,000	6,02,90,000
Spent in 1912-1913 . . .	...	...	...	...	...	...	...	...	...	...
Balance at end of 1912-1913 . . .	84,83,787	1,10,60,025	77,55,000	2,83,98,000	1,96,31,000	1,71,62,725	1,88,09,033	2,28,29,604	1,68,07,238	15,09,36,412
Budget Estimate, 1913-1914.										
Balance at end of 1912-1913 . . .	84,83,787	1,10,60,025	77,55,000	2,83,98,000	1,96,31,000	1,71,62,725	1,88,09,033	2,28,29,604	1,68,07,238	15,09,36,412
Added in 1913-1914 . . .	...	...	...	...	...	...	...	...	...	...
Spent in 1913-1914 . . .	8,68,000	51,54,000	19,94,000	89,03,000	46,09,000	39,98,000	43,87,000	80,91,000	45,85,000	4,25,89,000
Balance at end of 1913-1914 . . .	76,15,787	59,06,025	57,61,000	1,94,95,000	1,50,22,000	1,31,64,725	1,44,22,033	1,47,38,604	1,22,22,238	10,83,47,412

W. D. WOOLLAM,

Offg. Deputy Comptroller General.

M. F. GAUNTLETT,

Comptroller General.

R. W. GILLAN,

Secretary to the Government of India.

DELHI,

FINANCE DEPARTMENT;

March 1st, 1913.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.		ACCOUNTS, 1911-1912.				REVISED ESTI- MATE, 1912-1913.		BUDGET ESTI- MATE, 1913-1914.	
		Revenue.	EXPENDITURE.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.
			Refunds and Assign- ments.	Cost of Collection and Pro- duction.					
Revenue Heads.		£	£	£	£	£	£	£	£
Principal Heads of Revenue.	Land Revenue (excluding that due to Irrigation)	20,764,697	764,370	3,788,454	16,213,873		16,566,300		16,610,700
	Opium	5,961,278	3,614	729,452	5,228,212		4,448,400		306,000
	Salt	3,391,212	254,476	368,490	2,768,246		2,701,100		2,768,000
	Stamps	4,815,129	55,595	134,190	4,625,344		4,899,300		5,012,500
	Excise	7,609,753	76,873	419,253	7,113,627		7,660,500		7,877,400
	Provincial Rates	548,680	580	5,695	542,405		550,000		27,900
	Customs	6,468,567	181,837	250,713	6,036,017		6,574,100		6,445,600
	Assessed Taxes	1,652,878	10,827	28,278	1,613,773		1,681,600		1,709,600
	Forest	1,952,179	6,537	1,142,202	803,440		897,400		799,700
	Registration	445,862	1,124	248,256	193,482		231,800		238,100
	Tributes	595,005	201,358	...	393,647		398,100		415,300
	TOTAL	54,205,240	1,557,191	7,112,983	45,535,066		46,608,600		42,210,800
Total deduction from Revenue			8,670,174						
Expenditure Heads.									
Debt Services	Interest	1,448,741	2,037,735			588,994		344,000	22,700
Commercial Services.	Post office	2,134,279	2,003,470		125,809		223,100		303,600
	Telegraph	1,087,425	1,093,934			6,509	20,900		39,200
	Railways	15,891,725	12,103,955		3,787,770		5,616,100		4,552,300
	Irrigation	3,980,052	3,174,883		805,169		1,049,500		839,300
Other Public Works	Civil Works, etc.	326,924	5,454,048			5,127,124		5,892,700	6,226,200
Mint	Mint	367,100	116,507		250,593		389,700		136,900
Civil Depart- ments	Civil Departments	1,238,131	16,466,166			15,228,035		15,427,600	18,138,200
Miscellaneous Civil Services.	Superannuation	201,470	3,187,420			2,985,950		3,077,100	3,124,400
	Exchange	105,697	...		105,697		109,300		33,300
	Miscellaneous	409,018	388,909		20,109		36,800		190,500
	Other heads	96,891	1,322,494			1,225,603		1,222,700	1,216,200
Famine Relief and Insurance	Famine Relief . . . . .	...	114,293			114,293		188,700	46,600
	Other heads . . . . .	...	885,707			885,707		811,300	953,400
Military Ser- vices.	Army { Effective	1,061,030	16,332,932		15,271,932		15,201,600		15,235,300
	Army { Non-effective	118,336	3,203,584		3,085,248		3,121,600		3,133,900
	Marine	84,900	450,728		365,828		389,000		380,000
	Military works	78,791	909,157		830,866		807,300		873,100
	Special Defences (1902) . . . . .	...	4,703		4,706		15,900		24,500
TOTAL		82,835,750	77,926,332		4,909,418		7,381,200		1,528,000
Provincial Ad- justment	Surplus		969,084			969,084		4,019,300	
	Deficit . . . . .		...						2,839,200
TOTAL		82,835,750	78,895,416		3,940,334		3,361,900		1,311,200
Capital Account	Surplus				3,940,334		3,361,900		1,311,200
	Railway and Irrigation Capital not charged to Revenue:—								
	Capital raised and deposited by Railway Companies . (net)				17,497		565,600		3,160,900
	Outlay on Irrigation Works				1,536,531		1,500,000		1,436,700
	Outlay on State Railways				6,981,284		9,042,000		10,113,400
	Initial outlay on new Capital at Delhi				4,992		155,200		1,333,300
	Outlay of Railway Companies (net)				986,530		1,245,000		2,048,300
	Permanent Debt (net)				1,823,173		2,937,000		131,500
	Temporary Debt (net)					500,000		4,500,000	
	Unfunded Debt (net)				1,815,193		1,774,700		1,501,400
	Loans and Advances by Imperial Government (net)				201,914		187,600		13,100
	Loans and Advances by Provincial Governments (net)					193,155		196,900	125,900
Debt, Deposits, Advances, and Remittances	Loans to Local Boards for Railway Construction (net)				6,783		6,900		7,100
	Deposits and Advances (net)				2,209,480		4,592,300		2,175,300
	Remittances (net)				49,524		146,700		65,200
	Secretary of State's Bills drawn (net)				25,070,216		27,030,000		21,200,000
	Secretary of State's Bills paid (net)					24,929,181		26,772,700	21,202,000
Cash Balance	Opening Balance (net)				35,133,914	35,131,773	40,632,700	43,411,800	27,390,400
	Closing Balance (net)				31,741,271	31,743,412	31,743,412	28,964,312	28,964,312
TOTAL					66,875,185	66,875,185	72,376,112	72,376,112	56,354,712

W. D. WOOLLAM,

Offg. Deputy Comptroller General.

M. F. GAUNTLETT,

Comptroller General.

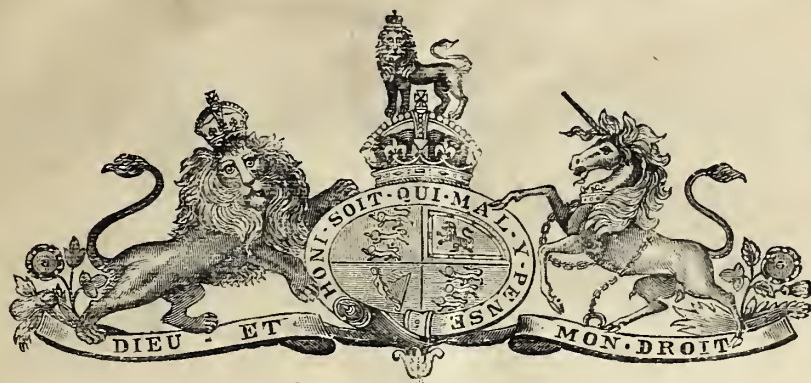
R. W. GILLAN,

Secretary to the Government of India.

DELHI,

FINANCE DEPARTMENT;

March 1st, 1913.



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DELHI, TUESDAY, MARCH 2, 1915.

GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.

SPEECH OF THE HONOURABLE FINANCE MEMBER
PRESENTING THE FINANCIAL STATEMENT
FOR 1915-1916.

Speech of the Honourable Finance Member

INTRODUCING THE

FINANCIAL STATEMENT FOR 1915-16.

Introductory.

General effects of the War on trade and finance.

MY LORD,

I rise to present the Financial Statement for 1915-16. Our procedure will be the same as on previous occasions: that is, there will be no debate today, but from the 8th March onwards time will be allotted for the examination and discussion of the budget proposals. The figures in the Financial Statement will then undergo such amendments as may be required by our later information or suggested by the discussions in Council. The Budget in its final form will be presented on the 22nd March, the usual closing debate taking place on the 25th.

2. Since I last addressed the Council on financial matters, India has been, and is still, passing through a crisis which has subjected her financial and economic system to a supreme test. It is true that, save for some vivid but happily transient experiences in the autumn, she has not felt the direct impact of war. But she has not been able to escape the consequences of that economic solidarity which binds her closely to the outside world. All her recent development has been on lines of diminished isolation. Her currency system connects her with the money markets of London and the world. She relies for internal development largely upon borrowings in London. Her prosperity is increasingly bound up from year to year with her rapidly growing foreign trade. Her internal financial arrangements, and above all her system of credit, in many respects follow Western models. Finally she is a part of a mighty Empire which is one of the foremost belligerents in this general war. It is inevitable therefore that India should feel the effects of the war from top to bottom of her economic system; they are written large over the Statement which I have to present to the Council today, and are affecting still more deeply the trade and production of the entire country. From the general financial and economic point of view—both to those of us who have studied the working of our fiscal system from the inside, and to Honourable Members here who represent India's agricultural and industrial activities of every kind—the history of the last few months is thus a matter of compelling interest; and I feel that the Council will look to me in the first place for some account of this period of crisis. I propose, then, at the outset to bring together some of the main financial incidents of the last seven months, to narrate how we have got through this difficult period, and then to take up the recital of those facts regarding our revenue and expenditure which in normal conditions it is the first object of this Statement to present.

3. Before doing this, however, I must premise that, as the Council must have anticipated, the task of preparing revised estimates of our financial position at the end of 1914-15 and a budget for the coming year has been one of very special difficulty. Ordinarily we have a large mass of data of past years to go upon; and, although budgeting must always be to a certain extent what one may term scientific guess-work, we have merely to consider how far the experience gained during the portion of the current year for which figures are available when our forecast is made, and the circumstances prevailing at the time with reference to commercial or agricultural prosperity or depression, the position in regard to railways and so forth, warrant us in departing from the standards of normal development which can be deduced from past actuals. This year we are in an entirely different position. The sudden outbreak of war and the dislocation of trade that has followed it, the vague and

unwarranted sense of insecurity which has led, for instance, to large withdrawals from our savings banks, are all (on this scale) totally new features, and it is most difficult to prognosticate how far there will be a recovery and in what specific directions. We have also the fact that nobody knows how long the war will endure, but we must at present budget on the supposition that it will last through 1915-16. All things considered, I have thought it necessary, in framing forecasts, to adopt an attitude of caution. We must not be too pessimistic, but at the same time, with all the surprises that the war and its economic results may yet have for us, sanguine estimating is entirely out of place. We are really groping in the dark and can only go as carefully as possible.

4. When the war came upon us we were fortunately in a very satisfactory financial position. Our total Treasury balances on 1st April in England and India had been found to exceed by about £1½ million the anticipation we had been able to make on the figures available when preparing this year's budget. Our large 5-crore loan had been a brilliant success, thanks largely to the patriotic enterprise of the Bank of Bengal, and the south-west monsoon gave full promise of agricultural prosperity. There was, therefore, reason to anticipate that, had circumstances continued normal, our Imperial surplus for this year would have been larger than the £1¼ million which we provided in the budget, being then obliged to estimate cautiously by reason of the agricultural situation in Northern India. Trade, it is true, had been somewhat dull owing to the preceding agricultural depression, to the after-effects of the banking crisis of 1913-14 and to the glut of piece-goods; and the consequent weakness of exchange had made the Secretary of State's council drawings much lower than is usual during the first four months of the official year, a circumstance which proved later on to be a fortunate one for us on this side. But at the end of July there was every reason to anticipate that the trade depression which I have mentioned would clear off and that we should have a really good year.

Owing to the conditions I have mentioned, our Treasury balances in India were very high, while the amount of gold held by or for the Government in London and in India taken together stood at £23½ million, of which nearly £5 million was in the Gold Standard Reserve and the rest mostly in our Paper Currency balances. In addition, the Secretary of State held in the Gold Standard Reserve, besides the ordinary Reserve investments, a considerable amount in special short-term securities, some of which were about to mature.

The Presidency Banks, too, were in an exceptionally strong position with regard to their balances, after allowing for the fact that a portion of these consisted of Government deposits.

5. The first effect of the European war, which began to operate even before Great Britain had actually been drawn in, was a threatened break in exchange. The Government of India took immediate steps to deal with this aspect of the general situation, and were able to make a preliminary reassuring announcement on the 1st August. On the 3rd August we publicly formulated, with the approval of the Secretary of State, the measures which we had decided to adopt. In the first place, we formally undertook to support exchange by all the means in our power. This was a policy which the Royal Commission on Indian Finance and Currency had recommended in their recently published Report: it fell to us to declare our adhesion to it at the outset of a crisis of unprecedented magnitude and totally uncertain duration.

In the second place, we announced our intention, in pursuance of this object, to sell sterling bills on London, or "reverse bills" as they may conveniently be termed, up to a maximum limit of £1 million a week until further notice. This, too, was an innovation on previous policy. In the exchange crisis of 1907 and 1908 the amount sold had usually been £½ million a week, and occasionally £1 million, but the exact amount was settled afresh just before each successive weekly sale. The present was the first occasion on which the Government of India undertook beforehand to maintain sales on an ample scale. Again, to adapt the system still more fully to trade requirements, we combined with the sale of bills the practice of selling telegraphic transfers also, thus providing a guarantee of immediate remittance when required. A few days later, too, we arranged that bills should be payable in London 16 days after the departure of the weekly mail, thus eliminating the uncertainty due to possible delay in the arrival of the bills by mail steamer.

The object, and, as events have shown, the actual effect of these arrangements was to promote confidence by assuring the banking and commercial public of adequate and continuous facilities for remittance, secured by the whole resources of Government. Incidentally, also, it prevented purely speculative competition for reverse bills and transfers by removing the possible apprehension that Government might at any moment reduce the amount available. Only in the first week following the declaration of this policy did the applications exceed the £1 million limit. Thereafter the volume of weekly tenders was gradually reduced; and after the first demand for remittance had thus been met, it rose and fell, within moderate limits, in correspondence with the fluctuating requirements of the time, until eventually the demand sank to a quite small amount, and has latterly disappeared altogether, at any rate for the time being.

In all we expect, by the end of this year, to have sold bills and transfers to the total extent of about £8 $\frac{3}{4}$ million. The sums thus received have been credited to the Gold Standard Reserve in India *pari passu* with the Secretary of State's withdrawals from the Reserve in England in order to meet the bills and transfers falling due for payment by him from week to week. The net result has, of course, been a great strengthening of the Gold Standard Reserve on this side.

Lastly, in the early days of the crisis, we strengthened that Reserve by exchanging £4 million of silver held therein on this side for an equivalent quantity of gold previously held by us in the Paper Currency Reserve.

6. At the same time as we first notified the selling of reverse bills and transfers, we took steps to restrict the dissipation of our gold in India by laying down that no gold should be issued to any one person or firm to a less extent than £10,000. The object of this was to secure what we thought would be a rough test as between applications for gold for eventual remittance purposes and those which were merely for hoarding or for local requirements. This limitation, however, was defeated by various individuals and firms clubbing together so as to make between them a demand which conformed to our minimum. Between the 1st and the 4th August we had already lost about £1,800,000 of our gold; and on the 5th August, when it was announced that Great Britain was actually at war with Germany, we took the further step, for which we had previously obtained the Secretary of State's approval in anticipation of that contingency, of refusing the issue of gold altogether to private persons.

We had then a stock of about £10 million of gold on this side in the Paper Currency and Gold Standard Reserves taken together, and that aggregate figure still remains practically unaltered. I may mention here, as regards the local rates of exchange as between sovereigns and rupees, that the Calcutta figures show that a sovereign exchanged for R15-6 instead of the normal R15 by the end of August, and that the rate varied between R15-5 and R15-8 until November. In December, however, it fell steadily and it now fluctuates from R15-1 to R15-3 only.

7. The next grave difficulty that the outbreak of war brought upon us was in regard to our savings banks deposits and currency notes. The general trade and credit position which the war set up was most serious in Bombay, mainly as a result of the banking and commercial crisis of the preceding year which had been more severe there than elsewhere. There was also considerable uneasiness in the Punjab, which had likewise suffered from the late banking crisis, but it was in Bombay that the difficulties I have mentioned arose in the most acute form. The deposits in our Post Office savings banks amounted in all to somewhat over 23 crores at the beginning of this year and by the 31st of July had risen to 24 $\frac{1}{2}$ crores, the increase being due mainly to the more liberal conditions announced in paragraph 58 of my speech introducing the last Financial Statement. From the second week of August there was a heavy and excited run by savings banks depositors upon their funds, and in August and September together there was a net withdrawal of about 6 crores (£4 million) of these deposits, due to misguided apprehension in regard to the effects of the war upon the stability of the Government of India, which was every now and then fanned by wild stories of imaginary reverses sustained by our allies or ourselves, and by the untoward incidents connected with the career of the late *Emden*. Since then the drain has materially slackened, but in all we calculate that by the end of this year we shall have lost about £7 million of savings banks deposits which we have had to pay out from our general balances. I may say here that we did what we could to promote confidence

by putting the Post Offices in adequate funds and enjoining the prompt payment of all claims; and it is perhaps a welcome indication of the way in which the strength of our financial position is really viewed by our enemies that a number of German prisoners at Ahmednagar have themselves opened accounts with the Government savings banks.

8. The demand for the encashment of currency notes was most serious in Bombay, and the total abnormal encashment in that Presidency as a result of the crisis has been estimated at about $2\frac{3}{4}$ crores in August and September out of $4\frac{1}{4}$ crores in respect of India as a whole. Outside Bombay the largest encashment occurred in Burma, and in the Punjab too it was considerably larger than in ordinary years; but in these cases the increase appears to be due as much to the special trade conditions of the year as to uneasiness arising directly from the crisis.

The Government at once took steps to check any panic by issuing instructions that every endeavour should be made to meet promptly all demands for encashment at district treasuries, whereas ordinarily, it will be remembered, a note is only encashable as of right at a Currency centre. A very large number of notes were cashed in this way in the districts, especially in Bombay and the Punjab, and it may be hoped that when the crisis passes away, the measures we took will have the effect of ensuring a permanent increase in the popularity of currency notes and consequent extension in their use. It must be borne in mind, however, that the very fact that we were obliged to strengthen the cash resources of district treasuries and of the savings banks, besides adding to our deposits with *muffasal* branches of Presidency Banks, imposed an extra strain on our balances by preventing the economy which we usually obtain by their concentration, so far as possible, at the Presidency towns and other important commercial centres.

The abnormal run on our notes was of relatively short duration. Nevertheless, owing to depressed trade conditions resulting from the war, our net note circulation, excluding the holdings by Reserve Treasuries and by the Presidency Banks at their head offices, remained nearly 7 crores (£4 $\frac{2}{3}$ million) less at the end of January than on the corresponding date in 1914.

9. Having regard to the present abnormal trade conditions and to the extraordinary strain on our credit generally, I consider that the position of our paper money calls for full satisfaction. Our notes circulate freely, and apart from very minor temporary local incidents, there has never been any question of their being depreciated as compared with coin. We may also regard with pleasure the present position, in quite exceptional conditions, of our Government paper, as well as of the somewhat analogous securities of our great Municipal Corporations and Port Trusts. Our $3\frac{1}{2}$ per cent. rupee paper was quoted at Rs. 95-14 this time last year, and it now stands at only some Rs. $3\frac{1}{2}$ less—a striking testimony, surely, to the strength and stability of our financial position.

10. As I have already said, the Secretary of State's council drawings had been relatively small before the war began, and owing to the fall in exchange caused mainly by the dislocation of our export trade, they have been since then, and until quite lately, at a very low level. In all, we estimate that during the current year he will have obtained £6·9 million* by ordinary council bills and telegraphic transfers, against £20 million which we estimated in the Budget as being the extent of his requirements for Ways and Means purposes. In the earlier stages of the crisis he also transferred to his treasury £1 million of the gold held in London on account of the Paper Currency Reserve, an opposite payment to that Reserve being made in India; and he has been helped by gold remittances from India to the extent of about £600,000. Also we have had to spend here, in connection with the war, sums largely in excess of the amount which India contributes as an equivalent of what she would have spent in normal times on the expeditionary forces she has sent in aid of the Home Government. This excess outlay is recoverable from His Majesty's Government, and is periodically realised from them by the Secretary of State. To that extent, he is in the same position as if he had actually drawn money on council bills, as we meet the expenditure and he gets the equivalent.

Taking his ordinary council drawings together with these other sources of supply, we estimate that in the current year he will, in all, have obtained about £17 million against the Budget estimate of £20 million above referred to.

* Exclusive of £600,000 which he will appropriate to the Gold Standard Reserve from his sales towards the close of the year.

The Secretary of State has thus been far more fully financed than might at first have seemed possible in view of the weakness of exchange in the earlier part of the year and the reversal of the remittance current as soon as the war broke out.

11. I now turn to the effects of the war on the commercial and credit position in India, which of course materially influences our revenue receipts, especially under Customs and Railways. In the first place, internal credit was seriously prejudiced by the attitude of a large part of the Marwari community, who play such an important rôle in conducting and financing the trade of the country. Speaking generally, instead of conforming to the excellent British maxim of 'business as usual,' they departed to their homes, taking with them as much of their capital as they could readily lay hold of, and thus materially hampering the working of the credit machinery with which they are so intimately connected. As regards the banks, the position of the Presidency Banks was, as I have already said, very strong before the crisis, and in order to promote public confidence the large Government deposits which they already held were further increased at the outset of the war, and have since been kept at as high a level as our resources permitted. We have preferred, in fact, to borrow somewhat more freely from the Gold Standard Reserve—a matter to which I shall refer later—rather than curtail unduly the resources placed at the disposal of trade.

The bank rate was low when the war commenced, as is usual at that season of the year, being 3 per cent. in Calcutta, 3 per cent. in Bombay, and 4 per cent. in Madras. As a measure of protection, the Bank of Bengal raised its rate to 5 per cent. on the 6th August, and the Bank of Bombay to 4 per cent. on the same day, and to 5 per cent. on the 13th; while later on the rate was increased, at somewhat different dates, to 6 per cent. for all three banks, at which figure it now stands. It is understood that the Indian branches of the Exchange Banks were also in a strong position at the commencement of the crisis.

As regards other banks, the previous year saw the collapse of a large number of (generally speaking) recklessly managed banking institutions. In the light of subsequent events, however, we may reckon it as fortunate that the disappearance of these banks occurred before the present crisis. Though the want of confidence engendered by their failure tended to accentuate the difficulties in Bombay and the Punjab, the situation would have been far more acute had the banks in question been still in existence and then collapsed as they must have done. As it was, two banks which had been badly shaken by the previous crisis, though they survived it, now fell. One of these, the Punjab Co-operative Bank, established in 1905, was compelled to close its doors on the 14th September. Another, the Bank of Upper India, established as far back as 1862, suspended payment on the 8th October. It is probable, however, that these events had been largely discounted beforehand, for they did not produce any widespread panic.

12. I now pass on to the direct effects of the war upon our foreign and internal trade and production. As I have previously said, there had already been a period of depression, though we had every reason to assume that, ordinarily, this would presently have passed away. The first result of the war was naturally to stop our considerable trade with Germany and Austria. India's total import trade in private merchandise was in 1913-14 valued at £122 million, and of this £8·4 million (nearly 7 per cent.) was with Germany, and £2·9 million (or 2·3 per cent.) with Austria-Hungary. Of the exports from India, valued in 1913-14 at £166 million, £17·6 million (10·6 per cent.) represented trade with Germany and £6·7 million (4 per cent.) with Austria-Hungary, the chief items being food-grains, raw cotton and jute, and seeds and hides and skins.

The shutting-off of the export trade to these countries was of course even more serious than the closure of the import trade, both by reason of its greater value and because, while the imports were largely capable of replacement from other sources, the removal of these two customers for exported Indian goods, concurrently with dislocation of trade in other directions, resulted in a reduction in the demand for, and in the price of, certain important commodities, so that in some cases values have been seriously affected as well as volume. Moreover the much higher loss of trade on the export side has, of course, special significance from the point of view of exchange.

The war has likewise produced a complete stoppage of our trade with Belgium, and a very large diminution of that with France, and here again the principal items of export are those just mentioned. Since November, too, we have been at war with Turkey, but our trade with her is much less important. Its chief item is the export of rice to Turkey-in-Asia.

There have also been necessary restrictions in regard to the export of certain articles, dictated in some cases by direct military requirements and in others by the necessity of preventing supplies reaching our enemies through neutral countries. Hides and skins, jute (raw and manufactured), wool, and wheat are among the articles in respect of which the free course of trade has thus been interfered with.

13. The dislocation which resulted from the war was not, however, limited to the shutting down or curtailment of particular elements of India's trade, but extended to her sea-borne commerce as a whole, and especially to the export portion. The main difficulties were not only those of finance, which I have already touched on, and which were aggravated by a general disturbance of the world's exchanges, but also a serious shortage of shipping arising primarily from the necessity for taking up vessels for military transport purposes.

14. The most immediate problems which arose were those connected with jute. Very high prices had been realised for this commodity in the preceding year, and these had actually touched Rs 90 per bale of raw jute. With the consequent large sowings in the current year, accompanied by favourable agricultural conditions, a record crop was grown which would in any case have resulted in a very substantial drop in prices. Apart from this, as a consequence (due to the war) of the inability of buyers to take delivery under existing contracts, the jute mills were naturally not prepared to buy largely or except at very low rates. The reluctance of buyers of jute to come into the market at first caused apprehension that the cultivator would decline to sell at the prices offered and would prefer to allow a substantial portion of the crop to remain uncut. This fortunately proved not to be the case, though the price of raw jute necessarily showed a great drop from the record figure obtained in the preceding year, falling as low at one time as Rs 31 a bale. The difficulties of the mills were subsequently to some extent removed, as tonnage for the shipment of their goods became more readily available, and this caused some rise in jute prices. But the initial paralysis of the internal trade is clearly indicated by the fact that whereas between August and October 1913 the issue of rupees from the Calcutta Currency Office in connection with the financing of the jute crop, amounted to some 13 crores of rupees, the issue in the corresponding period of 1914 was about 56 lakhs only.

As regards the ryots, although the sudden change from abnormally high to abnormally low prices has gravely affected, for the time being, the general prosperity and well-being of the jute districts, the winter harvest in these tracts has fortunately been quite fair; and we may well hope that, with the better prospects of the jute trade which now seem probable, there will be economic recovery in the supplying areas.

15. While Bengal was thus affected in regard to jute, there were also grave difficulties, mainly on the Bombay side, in respect of another great staple—cotton. The position when the war broke out was itself unsatisfactory, since previous over-trading, and the depression caused by the banking crisis of 1913-14, had led to the accumulation of stocks of piece-goods and the lock-up of capital in connection therewith. Then came the war, and with it the cutting off of large markets and a concomitant world-slump in the price of raw cotton, which in India was further threatened by the fact that the incoming crop promised to be a good one. Moreover, traders who ordinarily take a large part in the internal financing of the cotton crop had, as already stated, left for their homes. The position, and its possible consequences both to traders and ryots, naturally excited grave apprehension in Bombay, and towards the close of November the Government of India called a representative conference, over which I had the honour to preside, to consider the situation, and how far it might be feasible and legitimate for Government to intervene. The action taken as the result of that conference has already been made public by a Government *communiqué* and was further explained a few days later in the speech made by Your Excellency in opening the present Legislative Session. It will suffice to say here that we came to the conclusion that the best method by which we could afford financial assistance—one which would, moreover, be also applicable in the case of other branches of trade that might be threatened by similar disturbance—was to

facilitate an extension of credit which would assist the holding up of existing stocks where occasion required, without prejudicing the supply of capital required for fresh undertakings. The Presidency Banks undertook to give liberal advances for this purpose, while the Government agreed to place them in funds where necessary by loans of public money, which would not be called up till the special circumstances requiring them had passed away. In order to provide us with the necessary resources for doing this, and also to assist us in meeting our other liabilities in the event of unexpected emergency, we obtained the sanction of the Secretary of State to the temporary adoption of a measure which had been recommended by the Royal Commission on Indian Finance and Currency, *viz.*, a further investment of £4 million from the Paper Currency Reserve, which the Government could thus draw upon for these purposes by creating a special loan *ad hoc* when they needed to do so.

I may observe here, as an instance of the way in which depression in one branch of trade reacts on another, that a decline in prices of commodities such as jute and raw cotton necessarily restricts the purchasing power of the cultivators and their demand for imported commodities, such as piece-goods.

16. Another staple which has been adversely affected by the war is the ground-nut crop of Madras, which is largely exported to France for the purpose of being made into table oil there. Difficulties were also experienced in connection with tea. After the United Kingdom, India's largest customer for this commodity is Russia, and the disturbance to finance which accompanied the war rendered it impossible at first for the Russian buyers to make their usual purchases. This difficulty was, however, subsequently surmounted, in part, by financial arrangements made between His Majesty's Government and that of Russia which supplied funds in London towards exchange facilities for Russo-British trade.

17. The Council are also aware that a heavy rise in local prices has compelled us to take drastic measures to restrict the export of wheat, and although this action is, we consider, amply justified in the interests of our own people, it necessarily prejudices our export trade.

18. I have said enough to show how seriously and how variously our outward and inward trade has been affected by the conditions arising out of the general war. It is too soon yet to hope for any decisive turn of the tide; but the situation has been eased to some extent by the recovered security of Indian waters, and there are welcome indications, too, of increased confidence and trade activity in India itself. In this connection the following figures, which I owe to the department of Statistics, will be of interest. They show month by month since the war began the falling off in trade as compared with 1913-14, and also compare the totals for the first 9 months of the year with those of the corresponding period in each of the two preceding years.

	IMPORTS.			EXPORTS (INDIAN MERCHANDISE).		
	1914 R (lakhs).	Decrease R (lakhs) as compared with 1913	Percentage decrease.	1914 R (lakhs).	Decrease R (lakhs) as compared with 1913.	Percentage decrease.
August	12,93	3,20	20	9,63	7,61	44
September	7,40	9,25	56	7,56	11,91	61
October	12,36	4,19	25	9,97	11,71	54
November	11,94	4,52	27	15,80	3,24	17
December	10,20	4,23	29	12,80	6,98	32
Total for five months	54,83	25,39	32	55,76	40,55	42
Total for April—December 1914	1,09,60	...	...	1,37,80	...	...
Do. 1913	1,36,28	...	...	1,74,45	...	...
Do. 1912	1,17,13	...	...	1,74,68	...	...

19. I have now concluded my general review of the financial events of the war period up to the present date. We have in truth been much buffeted, but the inherent strength of our financial and economic position has been demonstrated at every turn. Our loans and our paper money stand practically unimpaired in public estimation. An unprecedented drain on our savings banks has been met, and though withdrawals still continue they are now on quite a small scale. So far as India is concerned, there has been no crash in exchange such as pessimists sometimes threatened us with in a world-crisis: on the contrary, the measures taken to maintain the stability of the rupee have met with full success. As regards both foreign and internal trade, after some natural bewilderment and dislocation at the outset, readjustment is already taking place, and at no time has it been necessary to give serious consideration to the expedient of a *moratorium*—the panacea found necessary in so many other countries. Above all, while India has steadily faced all her obligations, she has not had to fall back on outside resources for any extraordinary measure of help. She has borrowed of course more freely, but without prejudicing her credit; and, to a large extent, her additional borrowings have been taken from her own reserves. We cannot say what the future has in store for us, but we are entitled, in the light of our recent searching experience, to look forward to it with sober confidence. That confidence is materially strengthened by the agricultural situation, which affords a most welcome contrast to the conditions prevailing when I presented my last Financial Statement. The south-west monsoon and the winter rains have alike been abundant, and we can now look forward to exceptionally bountiful crops.

Changes in forms of account.

20. I now pass on to the task of laying before Council our estimates of the present and coming years. To enable me to do this, however, I must first explain certain changes which we have adopted, with the approval of the Secretary of State, in Statements A, B and D of the Financial Statement, and which will, I hope, be found to make these more clear.

In the first place, we have got rid of the confusing accounts expedient described as a 'transfer through the Land Revenue head.' At present, as Honourable Members are aware, if the Land Revenue of a province is divided, say, in equal shares between Imperial and Provincial, it is not shown as so divided in our Budget statements and accounts, because any contributions which we may happen to be making to the province are treated as diminishing the Imperial half share and enhancing the Provincial half share, and conversely with any adjustments at the expense of a province in favour of the Government of India. Contributions of the former character are numerous and, in the aggregate, important, especially those which are made under the terms of the Provincial settlements and subsequent allotments in respect of education and sanitation. The method hitherto in force is confusing and, as I have always thought, unscientific. It tends to obscure the real share of Imperial and Provincial Land Revenue according to the settlement and, as brought out in paragraph 23 of my speech last year, it prevents our explaining variations in Land Revenue in the concise way which we can adopt in regard to other heads. There is also the disadvantage that, if new Budget proposals involve further grants to Provincial Governments, the effect of these has to be explained in connection with Land Revenue transactions, whereas they could more conveniently be dealt with by themselves or along with other proposals.

We are accordingly going to confine the Land Revenue transactions to their proper scope, and to show all the adjustments above referred to under a new head entitled 'Transfers between Imperial and Provincial Revenues,' which will be found at the foot of Statement A of the accounts which I am now presenting. All such assignments to Provincial revenues will appear as *deduct* items in the Imperial columns and as *add* entries in the Provincial, the signs being reversed in those relatively infrequent instances in which, for some special reason, a net assignment has to be made from Provincial to Imperial.

21. Secondly, we have eliminated rupee figures from Statements A and B, and have so made it possible, without adding to their size, to arrange them in a form which brings out at once, for both revenue and expenditure, the two main lines of distinction, *viz.*, (a) the distribution as between India and England, and (b) the

distribution as between Imperial and Provincial. I may add that we have not made any change as regards the figures contained in the Financial Secretary's Explanatory Memorandum, which are primarily expressed in rupee currency.

22. Thirdly, we have somewhat amplified Statement D, which shows the transactions of Provincial Governments, following generally the lines adopted in the appendix to the Financial Secretary's Memorandum explaining the Budget estimates for the current year—*vide* page 262 of the Financial Statement for 1914-15. The information now given in the amended statement will, I hope, be of assistance to Honourable Members who are interested in the course of Provincial finance.

23. I have also to draw attention to two further changes which we have made in Statements A and B. The heads of account numbered XXI and 26 used to deal with 'Scientific and other minor Departments' and have hitherto included Agriculture. But in view of the importance of agricultural development and the desirability of readily tracing the progress of outlay thereon, we have now placed agricultural expenditure under a separate head, 26-A, while the other expenditure, hitherto brought together under head 26, now figures under '26-B, Scientific and Miscellaneous Departments.' The same sub-division has been made in the corresponding Receipt head (XXI) of Statement A.

The second of the two changes above mentioned is the amalgamation of the hitherto separate heads of Post Office and Telegraph, following on the amalgamation of the administration of these two Departments.

Forecast of Financial Conditions in 1914-15 and 1915-16.

Revised Estimate of Revenue and Expenditure for 1914-15.

24. The general position, as far as we can now forecast it, is brought out in the following table which compares the current year's Budget and the Revised estimate now put forward.

[In millions of £.]

	Budget, 1914-15.			Revised, 1914-15.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
Revenue	54·237	30·842	85·079	49·927	30·229	80·156
Expenditure	52·981	34·048	87·029	52·669	32·446	85·115
Surplus + or deficit —	+1·256	—3·206	—1·950	—2·742	—2·217	—4·959

Revenue—Imperial.

25. We budgeted this year for a total Imperial revenue of about £54½ million. The Revised estimate shows only about £50 million, or a total decrease of £4½ million, a result which is, speaking generally, entirely attributable to the war, and more especially to the decrease in the two large sources of revenue which have been most severely affected by the consequent dislocation and depression of trade, *viz.*, Railways and Customs.

26. The largest decline in revenue is that expected under State Railways. The Budget estimate of gross receipts for the current year, £37·7 million, was taken at practically the same figure as the actuals of 1913-14. In the first four months of the year, *i.e.*, prior to the outbreak of war, the Railway revenue was some £260,000 in advance of the corresponding period of the preceding year; but in the six months following the outbreak of war there has been a decline of £1,490,000. The Railway revenue has also been affected by the fact that the closing months of 1913-14 and the earlier months of 1914-15 were depressed by the crop failures in Northern India and the commercial and banking crisis in the north and west. Having regard to the

continued depression of trade, we estimate that the total gross receipts this year will be £35·6 million, or about £2 million less than the Budget.

Under working expenses, on the other hand, there is a reduction, as compared with Budget anticipations, of £73,000 only. With a large and sudden drop in a previously established standard of receipts, it is impossible to effect forthwith a proportionate reduction in working expenses. The railways are equipped to carry a certain amount of traffic and, as much of the expenditure is of a fixed character, there are obvious difficulties in reducing its scale, especially when the decline in traffic is temporary, as we expect it to be on the present occasion. Secondly, a large amount of comparatively unremunerative military traffic has been carried in recent months, a fact which evidently tends to raise the general average of working expenses to gross receipts.

Allowing for a small increase in the payment of surplus profits to companies based on the traffic of 1913-14, the actual profits earned in that year being higher than had been anticipated, we take the total decline in net Railway receipts at £2,065,000.

27. Under Customs we now estimate our total revenue at £6,320,000, which is £917,000 less than the Budget anticipation. The most important decreases occur under manufactured articles, sugar, export duty on rice, cotton manufactures, and metals (other than silver) and manufactures thereof, while on the other hand we expect some considerable increase under silver and petroleum.

28. There is also a large fall, amounting to £361,000, in the Interest receipts. About a third of this is due to the depletion of balances in London on which, in normal times, the Secretary of State would have been earning money, pending their eventual employment. The rest of the decrease is nominal and is practically counterbalanced by a like reduction under expenditure. It arises from a technical change in the treatment of advances to, and overdrafts of capital by, the Bengal-Nagpur Railway Company in accordance with the provisions of the new contract with them.

29. Under Opium, there is a loss of £283,000, which is due, in large measure, to the war and the consequent disturbance of foreign trade. This led to a heavy fall in prices, which we had to meet by fixing a substantial upset price (₹1,600 per chest) below which we refused to sell. The result is that out of the 13,200 chests which we originally expected to sell at an average price of ₹1,700 a chest, we now expect that about 1,500 chests will remain unsold, and that the average price realized by the remainder will amount to ₹1,589 only.

Stagnation of business, and interference with telegraphic communication entailed by war conditions, also account for a fall of £213,000 in the gross receipts of Posts and Telegraphs.

30. Economic depression has likewise left its mark on other heads, though in their cases the loss is shared with Provincial. Our Excise revenue has naturally fallen much below budget anticipations. The same is true of Stamps; and under Land Revenue too there is a considerable decline, to which other circumstances have also contributed. Scarcity conditions at the outset of the war, and economic depression afterwards, have caused a return of small coin from circulation, with a corresponding diminution of our anticipated profits on coinage. The only head of revenue in which an important betterment on budget anticipations has occurred is Salt; and here, I regret to say, the improvement is almost wholly illusory, as it represents advance payments of duty effected in the expectation of increased salt taxation.

Revenue—Provincial.

31. The aggregate Provincial revenue was estimated in the current year's budget at £30·8 million, and is now taken at £30·2 million. As I have just mentioned in connection with the Imperial figures, there has been a heavy fall under Excise (£266,000), Land Revenue (£255,000) and Stamps (£167,000). The Forest revenue, too, falls short of expectations by £271,000, the decrease occurring mainly in Burma, where war conditions have affected the teak market, and the United Provinces, where a scheme for the supply of railway sleepers has been delayed, with a consequent

reduction on both the revenue and expenditure sides. The Irrigation revenue, owing partly to last year's deficient rainfall, has improved.

Expenditure—Imperial.

32. We budgeted for a total Imperial expenditure of almost £53 million, which is now reduced to about £52·7 million. Of this decrease, £200,000 under "Interest on capital deposited by companies" follows automatically on the revised procedure in respect of interest charges referred to in paragraph 28. The estimates for Military Services have naturally been much disturbed by the war, but owing to the operation of several counterbalancing factors, the total figures show relatively little divergence from the Budget, a saving being now anticipated of £64,000 in the gross expenditure and of £13,000 in the net. I may also mention incidentally, with reference to paragraph 16 of my speech of last year, that the present estimate provides for the completion of the payment to the Mysore Durbar in respect of the surplus revenues of the Bangalore Assigned Tract.

Expenditure—Provincial.

33. The aggregate Provincial expenditure was taken in the Budget at £34 million. It is now estimated at £1½ million less, *viz.*, about £32½ million. The principal reductions occur under Education (£738,000), Medical (£352,000) and Civil Works (£380,000), and are due to the Local Governments not having spent in full the grants placed at their disposal for the development of education and sanitation and for other purposes. As I suggested in paragraph 28 of my speech last year, I was a little sceptical then as to their ability to spend all that they hoped; and it may be that some lapse would have occurred in any case. But it is only fair to add that, in view of the present financial situation and after reference to the Secretary of State, we issued orders that expenditure not specifically provided for in the Budget should not, save in very special circumstances, be embarked on this year, so that outlay of this description, which would in ordinary years have been found by reappropriation from items where savings were anticipated, has not been incurred.

General Results—Imperial and Provincial.

34. I can now sum up the final position of our revenue account for the current year. As I have shown, the greater portion of the loss of revenue resulting from the war has fallen against the Imperial side, Imperial revenues being more dependent on those resources which are specially responsive to trade conditions; and our expected surplus of £1¼ million has thus been converted into a deficit of £2¾ million. In the case of the Local Governments the total loss of revenue, though widely diffused, has been much less, and the scope for retrenchment was greater, owing to the specially heavy provision made in this year's budget for new outlay. The Provincial account has thus improved, the deficit, *i.e.*, drafts on provincial balances, being reduced from the total of nearly £3¼ million allowed in the Budget estimate to about £2¼ million only. Doubtless those Honourable Members who have followed our Railway and Customs returns since the war broke out will be already fully prepared for some such broad results as those which I have just stated, and I think they will agree with me in not being unduly perturbed at this inevitable outcome of war conditions. On the whole account, that is combining the Imperial and Provincial sides, and taking into account retrenchment of expenditure in relief of loss of revenue, the net deterioration, as compared with our expectations when the budget of the year was framed in peace conditions, is just about £3 million.

Revised Estimate, 1914-15. Ways and Means position.

35. Next as regards the Ways and Means position. Honourable Members will recollect that our main task in preparing our financial programme for the current year was

to find means of financing a railway programme of £12 million, in addition to heavy expenditure, amounting to nearly £3¼ million, by Local Governments in excess of the provincial revenues of the year. For these and other less important commitments falling outside the revenue account, we had a satisfactory opening balance to look to, and the promise of a normal surplus in the current year, and of a substantial amount of new deposits in our savings banks which we hoped would be increased by the more elastic rules referred to in paragraph 58 of my last year's speech. For the rest, we proposed to rely, in the main, on a scale of borrowing which had not hitherto been customary. Until the advent of the war, our anticipations promised, as indicated in paragraph 4 above, to be amply fulfilled. There was thus every prospect of our financing the programme of capital outlay which we had laid down for the current year, and of being left with a helpful margin of funds to assist in meeting the requirements of 1915-16. The whole position has, however, been entirely modified by the war. As already stated, our budgeted Imperial surplus of £1¼ million is turned into a deficit of £2¾ million, *i.e.*, a total worseness of £4 million. Under Unfunded Debt, the head into which the savings banks transactions referred to in paragraph 7 enter, the net addition to our resources of over £1¾ million which we assumed in the budget is turned into a net drain amounting to more than £5 million, that is a further worseness of nearly £7 million. In these two ways alone the war has therefore taken from us nearly £11 million of the resources on which we relied for capital outlay on railways and irrigation, for the construction of Delhi, for the financing of the expenditure of Local Governments from the large balances to their credit, and a variety of other requirements; and we have lost a further sum of somewhat less than £1 million owing to a larger withdrawal from our treasuries of funds deposited therein by local bodies and other parties which are allowed to bank with us.

36. This aggregate loss of approximately £12 million was partly counterbalanced, as I have said in paragraph 4, by an improvement of about £1½ million in the opening balance of the current year, while Local Governments have curtailed their drawings on our balances by £1 million. There has also been a lapse of £303,000 on the grant for the construction of New Delhi, to which I shall refer at a later stage, and one of £370,000 in the capital grant for railways. These improvements, however, still left a large gap to be filled, as will be seen from the statement below which shows in a concise form how the situation has been met:—

		[In millions of £.]			
Outlay		Budget Estimate, 1914-15.	Revised Estimate, 1914-15.	Assets.	
(1) Capital outlay on—				(1) From balances	4.9 2.6
(a) Railways	12.0	11.6		(2) Imperial surplus or deficit of	1.3 -2.7
(b) Irrigation	1.2	1.2		1914-15.	
(c) Delhi . . . . .	.7	.4		(3) Rupee borrowing	3.3 10.6
(2) Repayment of India Bonds, etc. .	.7	.6		(4) Sterling borrowing	5.9 10.9
(3) Outlay from Provincial balances	3.2	2.2		(5) Unfunded debt	1.8 -5.1
(4) Local loans account, Imperial and Provincial . . . . .	.1	.1		(6) Famine insurance allotment and minor items. . . . .	.7 -2
Total	17.9	16.1		Total	17.9 16.1

37. Special reference is invited to items (3) and (4) under 'Assets,' which show that our total borrowings at home and in India have amounted to £12¼ million more than our budget provided for. This completely covers the shortage of funds which we had to meet, and leaves us, for the time being, as I show directly, with very strong cash balances.

In England, the Secretary of State has raised £7 million by India bills in lieu of obtaining about £4½ million by a permanent issue of stock as provided for in the Budget; and has increased by over £2½ million the borrowings through companies which he originally contemplated. In India, besides raising our five-crore loan before the war broke out, we have taken advantage of a spontaneous offer by His Highness the Maharaja Scindia to place 50 lakhs (£½ million) at our disposal, and for the rest of our borrowings, namely £7 million, have fallen back upon the Gold Standard Reserve, in which we now hold a large and otherwise unemployed sum of

money through the sale of reverse bills and telegraphic transfers, to which I have already referred. Our advances from this source at one time reached a maximum of £8 million. Subsequently £1 million has been paid back, and a further repayment could have been made had we only the requirements of the current year in view.

33. In any case, however, we have many reasons, in conditions like the present to maintain our balances at a high level. Our resources have to be widely dispersed in order to keep treasuries and savings banks well supplied with funds, so as to meet the claims of depositors or demands for encashment of currency notes, without delay or embarrassment. We desire, too, as I have already said, to avoid as far as possible curtailment of our deposits with the Presidency Banks in view of possible trade conditions. We have also been obliged to spend large sums on account of His Majesty's Government in connection with the expeditionary forces, and war requirements generally, sometime before the outlay could be recovered. Our aggregate cash balances in India and England are consequently now expected to stand at about £21 million on 31st March 1915, as against the budget anticipation of £17½ million and the £16½ million which is usually accepted as our normal requirement. As I shall show later on, the excess of some £4¾ million over the latter sum will be fully required next year.

Budget Estimate of Revenue and Expenditure for 1915-16.

39. I now turn to the Budget figures for 1915-16. The general results are exhibited in the statement below:—

[In millions of £.]

	Revised, 1914-15.			Budget, 1915-16.		
	Imperial.	Provincial.	Total.	Imperial.	Provincial.	Total.
Revenue	49·927	30·229	80·156	49·655	30·692	80·347
Expenditure	52·669	32·446	85·115	52·425	31·755	84·180
Deficit (—)	—2·742	—2·217	—4·959	—2·770	—1·063	—3·833

40. It will be seen that we estimate for a deficit on the Imperial side amounting to about £2·8 million, and that Local Governments are being permitted to draw on their balances to the extent of £1 million. The aggregate excess of expenditure over revenue on the combined Imperial and Provincial account is thus about £3·8 million, against £5 million in the current year. As already stated, our Budget is based on the assumption that war will continue throughout the year, and on this hypothesis, we must allow for a deterioration of revenue extending over twelve months, as compared with the eight months of war conditions experienced in the current year. On the other hand, we may fairly assume that there will be some recovery—of which indeed there are already signs—from the general dislocation of trade which was specially acute in the opening stages of the war; and also, in view of present agricultural prospects, that, apart from the war, the position under such heads as Land Revenue will be better in certain provinces than it has been in the present year. On the whole, therefore, so far as present indications point, we need not anticipate that the eventual general results will differ widely from those of 1913-14.

Revenue—Imperial.

41. Thus, we budget for a total Imperial revenue of about £49½ million against nearly £50 million taken in the Revised estimate for the current year. The principal further decreases occur under Customs, Salt and Railways, to which heads I shall presently refer more fully. Military receipts too will naturally suffer from the absence of so many troops. On the other hand, according to present prospects, we look, as already stated, for a large improvement under Land Revenue, of which the Imperial share will be £428,600. Under Opium, we expect a betterment of £242,000,

in the anticipation of somewhat improved prices. Our transactions will include a certain amount to be sold direct to the Government of the Straits Settlements, on terms which have now been settled by agreement for a series of years. There is no other important betterment under the principal heads of revenue, which have continued, up to a late stage of estimating, to show the effects of the depression resulting from the war. But some saving (£138,000) will be obtained on the Imperial side by the absence or diminution of certain assignments to Local Governments which appear in the Revised.

42. Under Salt, the advance payments of duty in anticipation of enhanced taxation, which have inflated the revenue of the current year as explained in paragraph 30, will tend to depress it in 1915-16, and we have taken the Budget at £315,000 less than the Revised estimate.

43. Under Customs, we anticipate a further decline of £377,000. We have, in this case, to allow definitely for the probable effect of the war on our import trade during 12 months in 1915-16, as against 8 months of the current year. The goods available for import into India are likely to be materially less than in the present year, owing to the stoppage of trade with enemy countries throughout 1915-16 and other restrictions, and also to the partial withdrawal of the industrial population in the other belligerent countries either to the fighting line or to the manufacture of stores and materiel for war purposes. The set-back to economic prosperity in India itself must also result in some reduction in the demand for imported commodities. On the other hand, the trade routes, it may be anticipated, will continue to be safe throughout 1915-16, and we may look for an appreciable revival of credit and confidence. We have not, therefore, considered it necessary to write down our revenue very heavily as compared with the Revised, except in the two special cases of silver and cotton manufactures. Under the former sub-head, we expect this year a revenue of close on £1 million. This is abnormally high even under peace conditions, and for the coming year we have assumed a yield of £ $\frac{2}{3}$ million only. Under cotton manufactures, again, we have provided for a decrease of £100,000 owing to the congestion which has prevailed in the market for some time, which will probably be accentuated in present conditions. On the other hand, in the case of the export duty on rice, we have felt able to assume a substantial improvement (£170,000) on this year's revenue. The export of Indian rice to foreign countries has been specially low this year owing partly to the cessation of supplies to enemy countries, and also to the diversion of shipments to India proper in the early months of 1914-15 as a result of the shortage of crops in Northern India. With the present favourable agricultural outlook, we may expect that this latter factor will be no longer operative.

44. Under Railways, we take the net receipts at £260,000 less than the Revised estimate, and the gross receipts at £35·3 million, or £298,000 less. Here, too, the favourable agricultural outlook, and some degree of general trade recovery, may be expected to go far to counterbalance the loss of revenue in the extra four months during which war conditions are assumed to be operative.

Working expenses are taken at £19·9 million or £159,000 more than the Revised. As I have already explained, we could not in any case have hoped that the temporary decline of our railway revenue would be accompanied by a proportionate fall in the cost of carrying the reduced traffic. But apart from that, we have found it necessary to make considerable additional provision for the improvement of the equipment of the railway lines, which was represented to us to have fallen somewhat behindhand in recent years, and to have become a pressing requirement.

With the reduced traffic, the profits payable to companies will also be less and we have provided £197,000 less on this account, thus arriving at the net reduction given above.

Revenue—Provincial.

45. The aggregate Provincial revenue is estimated at £463,000 more than the Revised. Almost the whole of this improvement is contributed by the Provincial share—£379,000—of the increase under Land Revenue to which I have already referred. Apart from this, we cannot look, under continued war conditions, to any strong recovery from the position which the revenue returns for the later months of the present year have disclosed.

Expenditure—Imperial.

46. The total Imperial expenditure for 1915-16 is estimated at about £52·4 million, being £244,000 less than the Revised. Our chief economy occurs under the Military services where we are budgeting for a reduction of £582,000. I shall revert to this branch of expenditure in a separate section of my speech, and need only say here that in the present situation we have thought it incumbent upon us to postpone all military expenditure of an ordinary kind which is not immediately required. We shall be faced with some difficult and pressing problems under this head when the war is over, but the present is not the time and occasion when they can suitably be taken up. Apart from the Military charges, the circumstances of Imperial expenditure do not offer great scope for any drastic reduction of grants. We have, however, curtailed the provision for Imperial Civil Works by some £127,000. We also save automatically (to the extent of £272,000) by the recall of officers from leave. That of course implies an additional charge in India under salaries, but this is chiefly borne by the Provincial Governments. Against these economies, we have to provide an additional £520,000 to meet the interest charges on the borrowing programme which I shall shortly lay before Council; and Opium expenditure shows a considerable increase, arising from the necessity of supplementing our supply of 'Bengal opium,' which we obtain from the Gangetic valley, by special purchases in Malwa.

The relief from Famine expenditure in 1915-16, while it eases our Budget under one head, adds to it under another, as it requires us to make a larger provision under the Famine Insurance Grant for reduction or avoidance of debt.

Expenditure—Provincial.

47. We estimate this at £31,755,000, or £691,000 less than the Revised and £2,293,000 less than the current year's Budget. As Honourable Members are aware, the fluctuations in the scale of outlay of the Provincial Governments are at present largely dependent, under the conditions established by the special grants of recent years, on the extent to which it is found possible for them to draw upon their large accumulated balances. When this year's Budget was framed, we authorised such overdrawals to the extent of £3·2 million, which has come down in the Revised, as I have already explained, to £2·2 million. We propose in the current year to allow Local Governments to draw on their balances to the extent of about £1 million only.

In present financial circumstances we might *prima facie* have been expected to require Local Governments not to draw on their balances next year at all, *i.e.*, to restrict their total expenditure to the revenue raised within the year. But as I have previously mentioned, Provincial revenues too are being affected by the war, and a restriction such as that suggested would have involved a drastic curtailment of normal standards of expenditure, besides arresting all further immediate development on education and sanitation, and interfering with the *quasi*-commitments into which Local Governments have entered in carrying out a programme of special expenditure on these objects which they had every reason to expect to be able to maintain. We find ourselves obliged therefore to recognise the practical need of some relief in this direction. The curtailment of total outlay which will still be necessary, and in regard to which we have received the most loyal co-operation from Local Governments, has resulted, as is natural, in a large reduction (£1,070,000) in the grants for expenditure on public works. Provision is made, however, for some additional outlay under Land Revenue, Police, and some other heads.

48. We expect that with this restricted programme the aggregate Provincial balances on the 31st March 1916 will amount to £6·3 million. Of this, £2·5 million may be taken as accruing from special grants, mainly non-recurring, which have been made by the Government of India, mostly for expenditure in connection with education and sanitation.

General Results—Imperial and Provincial.

49. Reverting to the table in paragraph 39, we estimate that in 1915-16 the total revenue, Imperial and Provincial, will be £80,347,000, and the total expenditure £84,180,000, resulting in an Imperial deficit of £2,770,000 and a Provincial deficit of £1,063,000, the latter to be met by drawing on the balances to the credit of Local Governments.

Ways and Means Estimate for 1915-16.

50. This brings me to the question of the financing of our requirements in the second year of war. I will first give the main figures in millions of pounds, and then explain what they imply :—

<i>Outlay.</i>		<i>Assets.</i>	
Imperial deficit	2·8	From balances	4·5
Provincial deficit	1·0	Rupee borrowing	3·0
Capital outlay—		Sterling borrowing	6·5
Railways	8·0	Famine Insurance and miscellaneous items	·4
Irrigation	1·1		
Delhi	·3		
	9·4	Total	14·4
Discharge of debt	1·0		
Unfunded debt	·2		
	14·4		
Total	14·4		
<i>Add—Discharge of temporary debt raised in 1914-15</i>		<i>Add—Renewal of temporary debt raised in 1914-15</i>	
14·0		14·0	
Grand total	28·4	Grand total	28·4

51. We have to find funds from which to meet the Imperial deficit of the coming year and the expenditure by Local Governments in excess of the revenue which they expect to raise in the same period. £1 million of debt, mainly in connection with the purchase of the Indian Midland Railway some years ago, is also due for discharge. By way of precaution, too, we are assuming the possibility of a withdrawal of £1 million more of savings banks deposits during the coming year. This counts as a liability against Unfunded Debt. We still get, however, as in normal years, some credits under this head, more particularly the substantial deposits annually paid into the State Provident funds, so that there is a considerable set-off to the withdrawals from the savings banks for which this estimate makes provision. There remains the head of Capital outlay, under which alone it is optional to us to curtail our commitments. We are very reluctant to do this in the case of Irrigation, and are accordingly providing the entire amount (£1,100,000) which our Public Works advisers consider they can spend. In the case of Railways, however, it is inevitable that some considerable reduction should be made, and in any case, even if funds had been available, it is unlikely that, in the present circumstances of manufacturing establishments at home, anything like the £12 million provided in the current year could again be spent. We have accordingly taken the next year's programme at £8 million. In considering the adequacy of this figure—and I regard it myself as the outside sum which it would be justifiable to provide under present conditions—it must also be remembered that, as stated in paragraph 44, a specially large provision has been made, on the revenue side, for closely connected expenditure on the equipment of our present lines. In the case of Delhi, we have made a very large reduction, confining the next year's grant, as I shall explain in a later section, to a working minimum.

52. The total of these liabilities comes to about £14½ million. In addition, as the statement shows, we have to include, as pending obligations requiring to be dealt with in connection with the coming year's financial programme, the discharge of the £7 million of India bills which the Secretary of State has raised in the current year, and the repayment of our loan of the same amount from the Gold Standard Reserve. Our total obligations are thus raised to some £28½ million.

53. The first of the resources on which we can draw as against these requirements is afforded by the large cash balances with which we shall close the current year. As I have already said, owing to the loans taken from the Gold Standard Reserve, we expect these to stand on 31st March next at about £21 million. Ordinarily we regard £16½ million as a sufficient amount to hold in our treasuries in India and at home at the close of a financial year; and we thus have about £4½ million which can be regarded as available towards meeting our liabilities generally and still leave a little margin over the normal closing balances. We shall also set aside from revenue, under

the Famine Insurance Grant head, close on half a million for reduction or avoidance of debt, thus raising our assets to about £5 million. Even so, we are left, however, with some £9½ million still to find, and have also the £14 million of temporary debt still to consider. The question now is, how is this shortage to be dealt with?

No additional taxation.

54. The first method of adding to our resources which would naturally suggest itself—one, indeed, which we have very seriously considered—is to follow the lead of the mother country and impose special taxation; and I have no doubt that the majority of the members of this Council have been asking themselves for some time past what line we shall take on this question. Those who have followed my remarks on the revenue position will, however, have already had their anxiety relieved. We do not propose on this occasion to raise any money by increased taxation. We should not hesitate to do so to meet a deficiency in revenue which promised to be of a more or less abiding character. But the present circumstances are altogether peculiar. We know that, ordinarily, we can count on surpluses. India too has a very small unproductive debt; and, with trade conditions depressed, and the present abnormal rise in food prices in a large part of the country, we have come to the conclusion that we ought not to add to existing taxation unless it is absolutely necessary. We hold that this necessity has not yet arisen, since the deficits of the current and coming years are, as already stated, entirely the product of special and temporary circumstances; while, as regards ways and means, we see our way, in spite of these deficits, to financing all outlay immediately necessary. We have to bear in mind, too, in dealing with an essential point of policy like this, the possibility that an improvement of conditions, whether by the conclusion of peace or otherwise, may, after all, take place sooner than we are yet entitled to assume. When this occurs, we shall, I have no doubt, rapidly regain at any rate a large portion of the savings banks deposits which have been withdrawn from us, and may hope for improvement in other directions as well.

Borrowing programme for 1915-16.

55. I return, then—the taxation alternative being rejected—to the question of how we are to finance the needs of the coming year. In the first place, we propose to continue the loan of £7 million from the Gold Standard Reserve and leave it still outstanding on the 31st March 1916. As I have already said, the money we shall thus employ would otherwise lie inert and the proposed transaction makes no difference to our actual stock of gold or our freedom to use it in supporting exchange. It merely requires the transfer from the Gold Standard to the Paper Currency Reserve of a certain amount of the gold we should otherwise hold in the former, since the gold thus added to the Paper Currency Reserve will enable the transfer therefrom of a corresponding quantity of rupees in aid of our Treasury balances.

The Secretary of State also intends to renew in 1915-16 the £7 million of India bills which he has raised this year. This disposes of the temporary debt for the time being, but still leaves us the original £9½ million to find.

56. We propose to obtain £3 million (4½ crores) of this amount in India. We shall of course raise this by a public loan if, when the time comes, this is found to be feasible. We raised Rs 5 crores in the current year and with great success; but that was before the war, and I fully recognise that the circumstances are now entirely different. I must therefore in any case reserve the consideration of the time and the best method of borrowing in India next year, including, that is, the terms to be offered and the character of the loan. I recognise too that the circumstances prevalent in July, when we usually float our loans, may prove to be so unpropitious that we may find it desirable to have recourse to other methods for raising either a part or the whole of this amount: for example, one alternative open to us might be to increase our borrowing from the Gold Standard Reserve.

57. In addition to the funds which we thus find in India, it is the Secretary of State's intention to raise £6½ million by fresh borrowing in England, either direct or through the agency of companies working State lines. I should add, however, as regards this, what I have already made clear as regards rupee borrowing, that this announcement is subject to the usual reservation that the amount may be varied later on if circumstances should render this advisable.

58. To sum up this examination of a complicated and difficult position, I may briefly state that we propose a reduced but still considerable Railway programme, a full standard of expenditure on Irrigation, and a minimum outlay on Delhi; while to meet our capital outlay and revenue deficits and our other various requirements, we contemplate renewing the temporary loans raised in the current year, and finding a further £9½ million by additional borrowings, whether permanent or temporary, in England or in India. We thus put ourselves in a position to finance all requirements with which, as far as we can at present see, we are likely to be confronted in the coming year, while at the same time providing for the maintenance of an adequate closing balance.

59. I have not taken into account in the above calculations the £4 million up to which the Secretary of State has permitted us to reduce the cash holdings of the Paper Currency Reserve. This money will be primarily held available for loans to banks for the encouragement of credit and trade, without reducing our Treasury balances beyond what is prudent, while if there is any remainder it ought to be treated as a special reserve against unforeseen contingencies. In a year in which there may be so many surprises, it is most desirable to have a reserve of this character.

Remarks on certain special heads.

60. I now furnish some supplementary information in regard to certain special and important heads.

A.—Military Services.

61. The table below shows the gross and net expenditure on Military Services for the coming year and the four years preceding :—

	RS.					NET, i.e., DEDUCT- ING RECEIPTS.
	Army.	Marine.	Military Works.	Special Defences.	Total.	All Military heads.
	£	£	£	£	£	£
1911-12	19,536,546	450,728	909,657	4,706	20,901,637	19,558,580
1912-13	19,576,526	479,928	887,379	9,267	20,953,100	19,565,466
1913-14	19,789,239	512,845	947,297	16,384	21,265,765	19,896,113
1914-15 (Budget)	20,305,800	504,900	1,022,400	33,000	21,866,100	20,500,000
1914-15 (Revised)	20,277,200	484,700	1,017,000	25,500	21,802,400	20,486,700
1915-16 (Budget)	19,831,100	623,800	744,300	21,100	21,220,300	20,000,000

62. The net expenditure in the current year is expected to fall below the Budget provision framed in March last by £13,000 only, due to an anticipated decrease of £64,000 in expenditure, partly counterbalanced by a fall of £51,000 in receipts. The war has necessarily affected the Military estimates of the year in a very considerable degree. On the one hand it has led to some temporary savings in charges as a consequence of exchanges and re-arrangements of troops, of the partial suspension of the Arms Traffic operations in the Persian Gulf, and of the usual trooping service, and also with reference to diminished supply of stores from Europe. *Per contra*, extra expenditure had to be incurred for the protection of India and in connection with the internment of citizens of hostile countries; the prices of food supplies throughout the year show an increase; and the receipts from payment-issues of clothing, provisions, etc., have fallen below the normal standard.

63. For the coming year the net Military expenditure has been fixed at £20 million, or £487,000 lower than the Revised, and £500,000 less than the Budget provision of the present year. In consequence of the war, expenditure is being restricted to what is considered essential for the maintenance of efficiency and the protection of the country, while a further fall in receipts must be anticipated and has been taken into account. Provision has been made for a continuance of work

on certain Royal Indian Marine vessels now on order, for the improvement of the accommodation of Indian combatants and non-combatants, and for progress with the new cantonment of Delhi. A considerable amount of expenditure usually incurred on trooping and the prevention of gun running on our borders temporarily disappears. The trend of food prices, however, continues upward, and this has been provided for by a 5 per cent. increase on the Budget provision of 1914-15 on this account.

64. The figures given above do not include very considerable expenditure which is being undertaken on behalf of the Imperial Government, in the matter of the supply of munitions of war and other stores to the forces of the Empire engaged in active operations, since such outlay is made good to us by His Majesty's Government.

They do, however, include—and I desire to lay special emphasis on this fact—the sums which, under arrangements with His Majesty's Government, initiated by a Resolution brought forward in this Council last autumn, India contributes towards the cost of the war, that is the portion of the total expenditure incurred on the expeditionary forces despatched from this country which she would have had to defray had they remained in India under peace conditions. These arrangements, I may remind the Council, have received constitutional ratification by Resolutions passed in both Houses of Parliament. Your Excellency, speaking in this Council on the 8th September last, mentioned that, on a rough estimate, these arrangements would cost India about £1 million during the current year. That estimate, however, was framed with reference to the expeditionary force we originally sent to Europe. The scale and the directions in which troops from India have since been utilised for the operations which the armies of the King-Emperor are carrying on against his enemies in various parts of the world have since been greatly enlarged; and we now anticipate, though the complicated calculations involved are still subject to further examination, that India's contribution towards the cost of the troops she has furnished will amount to £1.9 million during the current year, and to £4.8 million in 1915-16, on the assumption, which has governed our estimates throughout, that the war will continue to the end of March 1916.

65. The figures just given do not, however, represent the full measure of India's offering towards the expenses of the war. The Indian Princes who have placed their Imperial Service Troops at our disposal in connection with the expeditionary forces are also bearing the normal charges which would fall upon them in peace time, only the additional or war charges being met by His Majesty's Government. Further, some of the Princes have also made generous pecuniary contributions towards the general cost of the war; and I may make special mention here of the fact that His Highness the Maharaja of Mysore, as indicated in Your Excellency's speech to this Council on the 8th September, has given Rs 50 lakhs (£333,000) in this way, while His Highness the Nizam of Hyderabad has made a contribution of Rs 60 lakhs (£400,000). Other similar contributions bring such aggregate donations to £768,000, of which we expect that £480,000 will be paid in the current year, and the balance in 1915-16. Though these loyal and spontaneous contributions are, in the first instance, paid in to us, we have no intention of deriving any benefit therefrom. They will be passed on to His Majesty's Government by an equivalent deduction in the charges we should otherwise have to make against them in connection with special war expenditure.

B.—Famine Relief.

66. Speaking at this time last year, I said that actual famine conditions in the United Provinces were then confined to four districts and that scarcity had been declared in seven others. To the scarcity districts two were subsequently added, but the afflicted area has fortunately been much less than we at one time feared, and, although the calamity has been a severe one, special measures were only found necessary in an area of about 20,000 square miles with a population of nearly 7½ millions.

The number on relief of all kinds reached a maximum of 219,000 at the end of May, but with the advent of the monsoon the number fell rapidly and operations were finally closed down in October. The March rains and a good monsoon helped matters, but, apart from this, distress was confined within comparatively narrow limits not only by the manner in which relief was distributed, by fodder concessions, by liberal *takavi*, and by the suspension and remission of revenue; but also, we are

told by Sir James Meston, by the remarkable capacity which the people themselves have shewn in facing their troubles without direct measures of famine relief. This he ascribes not merely to a succession of excellent seasons, but to a widespread confidence, based on experience, that Government will come to their aid when real necessity arises, and to a stronger power of resistance, due to something more than purely temporary causes, among nearly all classes of the people.

I need not refer to the affected areas in other parts of India, as nowhere was distress anything like so widespread or severe as in the United Provinces.

67. The Budget estimates for the current year provided for an outlay of £299,000 on famine relief, mainly in the United Provinces: the probable expenditure is still estimated at £290,000 of which £106,000 will be borne by Provincial revenues and the balance of £184,000 will fall on Imperial. Agricultural prospects in the areas which were affected by famine are now very satisfactory, and as the estimates for next year are as usual framed on the assumption of a normal monsoon, no outlay on relief is anticipated in that year apart from some small expenditure (about £7,000) in adjustment of this year's accounts.

68. I explained in paragraph 41 of my speech introducing the last Financial Statement that the amount available from the Famine Insurance Grant of £1 million for the reduction or avoidance of debt, after providing for an expenditure of £500,000 on protective works, varies with the actual outlay on famine relief in each year. The amount available for that purpose is estimated at £210,000 in the current year and £493,000 in the next, of which £15,000 and £328,000 respectively, will be charged in the Imperial section.

69. In paragraph 42 of the same speech, I referred to the system of Provincial famine credits, and in a debate in this Council on the 7th March 1914, I promised that I would consider the possibility of modification in the application of this as between the various Provinces. I have fulfilled that promise and, as the result of the investigation made, we have put suggestions to the Local Governments for the simplification of what is now a very complicated system. After full consideration of their replies we shall decide on the precise action which may be necessary and refer the matter to the Secretary of State.

C.—Expenditure from Special Grants, Education, Medical, etc.

70. I went into this matter fully last year, and on the present occasion I need only give a table similar to that exhibited in paragraph 46 of my last year's speech:—

[In thousands of £]

	TOTAL GRANTS GIVEN (1911-12 TO 1915-16).		TOTAL EXPENDITURE INCURRED* (1911-12 TO 1915-16).	BALANCE EXPECTED TO BE AVAILABLE ON 1st APRIL 1916.
	Recurring.	Non-recurring.	Non-recurring.	Non-recurring.
(1) Education	763	3,166	2,078	1,088
(2) Sanitation	245	1,723	1,112	611
(3) Medical relief, etc. . . . .	...	58	53	5
(4) Agriculture, etc. . . . .	...	177	166	11
(5) Grants for other special purposes . . . . .	...	1,543	1,416	129
(6) Grants for general purposes—(Dis- cretionary grants) . . . . .	...	667	388	279
TOTAL	1,008	7,336	5,213	2,123
<i>Add—Savings on recurring grants during foregoing period (about)</i>				395
Total amount expected to be available from special grants on the 1st April 1916				2,518

* Non-recurring figures only are given, as the recurring grants are treated as having been fully worked up to, any savings obtained from those grants in particular years being added at the foot of the statement.

The large balance still in hand is in considerable measure due to the fact that, as already stated, we have found it necessary, in existing circumstances, to debar Local Governments from drawing on their balances with us during the coming year beyond an aggregate amount of about £1 million.

D.—Financial position of the Provinces.

71. The new form of Statement D, to which I have already referred in paragraph 22, exhibits the general financial condition of the Provinces so fully that I need not make any explanatory comment. But it is desirable to say, with reference to the concluding remarks in paragraph 49 of my last year's speech, that we have decided, with the concurrence of the Local Governments concerned, to extend for the present the temporary financial settlements with Bengal, Bihar and Orissa and Assam, which would normally have been put on a permanent basis from the 1st April next. The reason is, of course, that the present time is not an opportune one for dealing with permanent settlements, which can be much more safely framed when the Government of India are in a normal financial condition.

72. We have, however, made a modification in the Burma settlement. I mentioned in paragraph 24 of my last year's speech that we had under consideration a proposal to make some addition to the resources of the Burma Government, and that we had in the meantime given them a non-recurring grant of £100,000. We have now decided, with the approval of the Secretary of State, to make this grant a recurring one, since it was found, on careful examination of the calculations upon which the existing financial settlement with Burma was concluded, that the method adopted was not so favourable to the Local Government as was the case in the permanent settlements concluded about the same time with other provinces. Our present grant is to afford redress in this respect and, as I indicated last year, implies no departure from the general principles upon which our permanent settlements with the provinces are based.

73. Lastly, I may say that we have effected an arrangement with the Punjab Government by which that Government hands over to us a crore of rupees from its very large balances (which have been obtained in great measure by non-recurring receipts from the sale of Government lands) in exchange for a fixed assignment of Rs 3½ lakhs per annum. It will be realised, of course, that, as the Provincial balances form part of our general resources, this arrangement does not put an additional crore of rupees into our pockets, but merely saves us from being drawn on to that extent at some subsequent date.

E.—Railways (Capital Outlay).

74. The following statement gives the figures of railway capital expenditure on State-owned lines included within the Railway programme for the coming year and the four years preceding:—

	1911-12.	1912-13.	1913-14.	1914-15 (Revised).	1915-16 (Budget).
	£	£	£	£	£
Open lines including rolling stock .	5,058,390	7,134,200	10,303,100	10,372,700	6,947,000
Lines under construction—					
(a) Started in previous years .	2,403,853	2,658,700	1,871,500	1,259,700	719,700
(b) Started in current year .	452,150	103,200	131,700	...	333,300
	7,914,393	9,896,100	12,306,300	11,632,400	8,000,000

As I have already explained, the financial position necessarily requires a material curtailment of the Railway programme for 1915-16 as compared with the figures reached in the three preceding years. The greater part of the money included within the reduced programme is as usual devoted to the improvement of open lines and rolling stock.

75. As regards railways under construction, the Lower Ganges Bridge, which has for the past few years made so heavy a call upon our resources, will be opened

for traffic in a few days, and the outlay required for its final completion is very small. The Itarsi-Nagpur Railway is not yet completed, and we propose to spend £333,000 on this important project in order that, if possible, it may be opened to public traffic before the close of the next financial year. The only other important lines still under construction are the Burdwan-Howrah Chord, and the scheme for an overhead connection of the Great Indian Peninsula Railway in Bombay with its Harbour branch. These are both equivalent to works of open line improvement, since they are primarily designed for the relief of traffic on existing routes, and we propose to allot funds which will permit of a full rate of progress being maintained throughout the year.

We have also reserved funds for several new projects. Among these, the Vishnupur-Santragachi Chord is, like the Burdwan-Howrah, primarily intended for the relief of the existing lines between the coal-fields and Calcutta. The Dholka-Dhanduka Railway, again, is a project for which we made provision in our programme of the current year, but the commencement of which had for unavoidable reasons to be deferred. Provision is also made for the last section of the Southern Shan States Railway. The construction of this important pioneer line has been completed up to the plateau which divides the Inle valley from the rest of Burma, and it was at one time proposed that the construction of the remaining section, between the plateau and the Inle lake, should be temporarily deferred. It has been represented, however, that the further development of the Southern Shan States will be seriously hampered if this extension is not carried out at once, and the matter is now being taken up.

76. We are thus still able to provide for an appreciable amount of railway extension at the cost of Imperial funds; while the progress of construction by the agency of private enterprise and District Boards, though retarded by the war, will not by any means be stopped. Last year I informed the Council that in 1913-14 seven different undertakings, with an intended mileage of 292, had been sanctioned for construction, either under branch line terms or as feeder lines financed by District Boards in Madras, and, but for the war, there would doubtless, as I anticipated then, have been at least as good progress this year, for in its first six months branch line companies had been successfully floated for the construction of 172 miles of railway. Since then, in spite of the war, the capital required for three branch lines of railway, involving a mileage of 62, has been successfully raised, while several District Board projects are likely to mature in the near future.

77. The following figures show the capital outlay on all State lines up to the end of each year from 1911-12 and the net return obtained after deducting working expenses and interest charges:—

[In thousands of £]

	1911-12.	1912-13.	1913-14.	1914-15.	1915-16.
Capital at charge at end of each year .	331,247	340,103	351,302	361,756	368,513
Net working profit from railways excluding interest charges.	15,813	17,272	17,616	15,102	14,774
Percentage of net working profit to capital outlay.	4.77	5.08	5.01	4.18	4.01
Net working profit from railways after meeting interest charges.	3,788	4,803	4,790	1,914	1,179
Percentage to capital outlay of net profits after meeting interest charges.	1.14	1.41	1.36	.53	.32

78. I have amplified the statement, as compared with the information given last year, so as to discriminate the profits obtained before meeting interest charges from those finally arrived at by the inclusion of the interest burden. I may explain too that the capital outlay now shown represents the amount which it has actually cost Government to acquire and construct its railways, including the portion of the liability in connection with purchased lines which remains to be discharged by the

operation of annuity and sinking fund payments. In the case of purchased railways, it has hitherto been the practice to show in the capital outlay the capital issued by the companies before purchase instead of the sums which it has cost Government to acquire the lines. The latter figures are what we are concerned with in working out the profit we obtain from State outlay, and I have substituted them for the capital issued by the companies in arriving at the figures shown in the foregoing table. I have also deferred to an occasional criticism of our figures by deducting debt which has been extinguished by the operation of annuity and sinking fund payments.

79. The final net profit on railways was estimated in the current year's budget at 1.14 per cent. of the capital on the method then adopted, and would have been 1.08 per cent. on the altered basis above explained. We now estimate it at only 0.53 per cent. this year and 0.32 next, the result, of course, of the falling off in net railway earnings which I have already dealt with in my review of the revenue estimates. It must, however, be remembered that, as I said last year, the foregoing figures include some capital outlay on protective railways, and also that, in accordance with the instructions of the Secretary of State, the interest charges include certain annuity and sinking fund payments which really go to the discharge of debt.

F.—Irrigation (Capital outlay).

80. The financial position of our great irrigation undertakings may be gathered from the following table, which brings up to date the information given in previous Financial Statements. The figures are in thousands of pounds.

Particulars.	1911-12.	1912-13.	1913-14.	1914-15. (Revised.)	1915-16. (Budget.)
1	2	3	4	5	6
<i>Productive Works</i>					
Capital outlay to end of each year	31,929	33,347	34,645	35,823	36,931
Total receipts, including land revenue due to irrigation .	3,662	4,065	4,338	4,339	4,397
Total expenses, including interest on debt	2,163	2,263	2,306	2,391	2,438
Net profit	1,499	1,802	2,032	1,948	1,959
Percentage of net profit to capital outlay	4.70	5.40	5.87	5.44	5.30
<i>Protective Works.</i>					
Capital outlay to end of each year	3,804	4,295	4,796	5,354	5,840
Total receipts, including land revenue due to irrigation .	71	81	112	102	115
Total expenses, including interest on debt	165	188	213	239	257
Net loss	94	107	101	137	142
Percentage of net loss to capital outlay	2.48	2.55	2.10	2.56	2.43
<i>Minor Works and Navigation.</i>					
Direct receipts	247	266	263	273	283
Expenditure	836	842	914	1,021	949
Net loss	589	576	651	748	666

81. Taking productive, protective and minor works together, on the 31st March last, 61,864 miles of main and branch canals and distributaries had been constructed, which will, it is expected, be increased to 62,901 miles by the end of the current year. They commanded an area of more than 50 million acres of culturable land, of which more than 24 millions were irrigated in 1913-14, and an almost equal area during the current financial year.

82. In addition to the canals in use, there are 41 major projects which are either under construction, awaiting sanction, or being examined by the professional advisers of Government. Of these, 20 are productive and 21 protective; they are designed to irrigate about $9\frac{1}{2}$ million acres at an aggregate cost exceeding £39 million.

83. No new works of any magnitude were sanctioned during the current year, but a large project of the protective class, known as the Gokak extension scheme, is awaiting the orders of the Secretary of State. This work is estimated to cost about £1.3 million. It will irrigate some 132,000 acres in parts of the Belgaum and Bijapur districts of the Bombay Presidency, including Kolhapur and certain adjacent native states.

84. None of the large projects mentioned in paragraph 73 of my speech last year have progressed to a stage at which they can be put up for sanction. The Sukkur Barrage scheme is undergoing fresh investigation, and the questions involved in the Cauvery scheme are not yet fully settled. The Kistna, Sarda, and Sutlej Valley projects are being investigated by the Local Governments concerned, while the Koch dam scheme is now before the Government of India.

85. The Triple Canal project in the Punjab is the most important work at present under construction. Of the three canals constituting this great work, the Upper Chenab and Lower Bari Doab, although not yet finished, are actually in use and are serving considerable areas of *kharif* crops. Extensive *rabi* irrigation will not be possible until a sufficiency of water becomes available in the cold weather, through the opening of the Upper Jhelum canal, the third link in the chain. This canal was expected to be in operation last autumn, but owing to damage to the head works caused by an unfortunate flood which occurred early in 1914, it has been necessary to postpone its opening till October 1915.

Arrangements are now in progress for colonising the extensive waste land commanded by the Lower Bari Doab canal, and already some auction sales have taken place. In the North-West Frontier Province the Upper Swat canal was opened for irrigation in April 1914, and in the Central Provinces the Mahanadi canal has begun supply for irrigation. While numerous tank works exist in this province, this is the first canal system to be constructed there. Good progress has also been made on the Wainganga canal and the Tendula reservoir.

86. In the United Provinces, progress is being made with the construction of permanent head works for the Ganges canal at Hardwar, a measure which will greatly increase the efficiency of that system.

In the Bombay Deccan, two important protective works, the Pravara and Godavari canals, are nearing completion, while the Tribeni canal in Bihar and Orissa has been completed.

G.—Delhi expenditure.

87. The expenditure under the capital head, "51—Initial expenditure on the new Capital," during the current year will, according to present expectations, amount to £363,000 as compared with the budget provision of £666,000. As I said last year, the exact degree of progress to be expected in work immediately connected with the intended buildings could not be settled with any precision until the project estimate had been fully considered and eventually sanctioned. If the somewhat conjectural budget estimate has thus proved to be unduly sanguine, the cause is to be found mainly in the care which has been exercised in considering the various main projects before expenditure was incurred. Thus, in the case of the irrigation scheme for the new city, it was decided to consider several alternative methods of solving the problem before setting work in hand, and the allotment for irrigation works thus remained unutilised. Similarly, work cannot safely be commenced on the larger sanitary projects, such as water supply and sewerage, until the detailed plans and estimates have been prepared and sanctioned, and much of the time of the Delhi Committee's staff has been occupied in work of this kind. Moreover, in

view of the outbreak of war, we have welcomed a slower rate of progress than was originally contemplated. The lapse which has occurred is a useful addition to our general resources, and the avoidance of large commitments in the current year has facilitated the curtailment of the grant in 1915-16, to which I shall shortly refer.

88. As regards work done in the current year, the preliminary task of preparing the site by filling up depressions and removing excrescences has been vigorously prosecuted, and is now well on towards completion. Nearly a third of the works expenditure has been absorbed in this and other preliminary work. More than a third, again, was incurred on the purchase and erection of the machinery and plant required for construction purposes, and the scheme for the supply of electric power for these purposes is now completed and in operation, while some 28 miles of construction light railway have been laid. The Committee have also completed construction roads on the alignment of the future permanent roads. Work has been started on the foundations and basements of the Secretariat, and 6 houses for gazetted officers and over 200 for clerks are already in course of erection. There has also been some small expenditure on the acquisition of further land.

In the special circumstances of the present time, we have thought it desirable to reduce the grant for the coming year to a minimum. The Budget accordingly includes a provision of £267,000 only, which will suffice to carry on, in some degree, the work already in progress, and so obviate the deterioration of material and the disbanding of establishments.

89. In accordance with the undertaking given by the Government of India on previous occasions, a *pro formâ* account of expenditure on Delhi and the Delhi province is published in an appendix to the Financial Secretary's memorandum, together with a prefatory note explaining its scope and the relation between it and our regular accounts. As Honourable Members will see from the prefatory note, the form in which the Delhi accounts are now published was approved by the Comptroller General before its submission to the Secretary of State, who has telegraphed his general acceptance of the proposals put to him in this connection.

Cash Balances, Secretary of State's Council Drawings and Exchange.

90. I have dealt with these matters in a previous portion of my speech and need only remind the Council of the following facts:—

(1) We budgeted this year for an aggregate closing cash balance of £17½ million, *viz.*, £12·4 million in India and £4·9 million in England. We now expect the total balance to be a little over £21 million, *viz.*, £13·8 million in India and £7·4 million in England.

(2) We estimate that the coming year will close with a practically normal cash balance of about £16½ million, *viz.*, about £12½ million in India and about £4 million in England.

(3) The Secretary of State's drawings were estimated in the current year's Budget at £20 million. For reasons already explained, it is now estimated that he will only have drawn £6·9* million against Treasury balances, while on the other hand we shall have sold £8·7 million of reverse bills and telegraphic transfers. The Secretary of State will, however, have obtained further resources amounting to £8·7 million by recovery from the War Office of sums expended in India on behalf of His Majesty's Government, besides a sum of £1·6 million by transfer from the Paper Currency Reserve in London and by gold remittances.

91. Postulating the continuance of war conditions, we estimate for the present that the amount up to which the Secretary of State will require to draw in the coming year will be £7·7 million only, since he will also be able to finance himself to the extent of £8·4 million by recoveries from the War Office of the character mentioned above, and the Home charges will be less than usual owing to the reduced Railway programme. As usual these announcements are merely provisional, and full discretion is retained to vary the amounts in such a manner as may be found advisable.

92. The average rate of exchange during the present year, calculated on the Secretary of State's drawings, is taken at 16·017 pence per rupee.

* Besides £600,000 on account of the Gold Standard Reserve—*vide* footnote to paragraph 10 *supra*.

Currency and Coinage.

93. I have dealt so fully with questions of exchange and currency in the earlier part of my speech that I need not now dwell on the subject at any length. I must, however, refer to the final Report of the Royal Commission on Indian Finance and Currency, which had not been received at the time I presented the Financial Statement of the current year. We have welcomed it as a pronouncement of the highest interest and value, and as affording ample vindication of the general policy of the Government of India in matters of finance and currency in past years. I do not enlarge on the particular recommendations made as they are still *sub judice*. Last summer we referred them for the opinions of Local Governments and representative commercial institutions, but meanwhile war broke out, and, acting upon a suggestion which some of the authorities consulted themselves put to us, we told them that the expression of their views might be deferred until normal conditions had been restored, so that both they and we might bring to bear upon these questions the valuable practical experience which would meanwhile have been gained from the present crisis. Provisionally, however, and without prejudice to the final settlement, we have adopted two of the Commission's proposals by replacing the silver previously held in the Gold Standard Reserve in India by gold, and by taking power to increase the fiduciary portion of the Paper Currency Reserve by £4 million.

We have also, as I have already said, given a public and unqualified assurance of our determination to support exchange by all the means in our power, thus adopting a third and very important recommendation with an emphasis that gives it definite finality.

94. Before the war broke out, we also had under our consideration certain questions connected with the paper currency, the two most important being, perhaps, first, a radical improvement in the form and design of our currency notes—a matter which we have now had to set aside for a time owing to the crisis; and, second, the adoption of measures to facilitate the encashment of notes and so extend their use. As regards this latter question, the war crisis, instead of being a stumbling block, appears to be likely to hasten a solution. In the period of general apprehension and incipient panic which immediately followed the outbreak of war, we regarded it as our foremost duty to secure the unimpeded encashment of our notes in every practicable way; and I think we have had our reward in the confidence which this policy has gained for us. It will be our object, as far as is feasible, to maintain, as a permanent measure, the facilities which we have granted in this period of emergency, and gradually to improve and develop our administrative arrangements with this end in view.

95. As regards gold, our existing stock has naturally, in the conditions of the present year, not been augmented to any material extent from outside, and the net private imports of sovereigns and half-sovereigns in the present year are, so far, but little in excess of £ $\frac{3}{4}$ million. As, however, I have already stated, we now hold in India a large stock, namely £10 million, which we are in a position to use for the support of exchange, should circumstances at any time require this.

There has also of course been no further rupee coinage, and the growth of the Gold Standard Reserve has thus been limited to the amounts obtained as interest on the invested portion. On the other hand, the value of the securities held in the Reserve has been written down with reference to the market prices ruling at the beginning of January. The total amount at credit, in England and India combined, thus stood on the 31st January last at £25·6 million. The sale of sterling bills to the extent of about £8 $\frac{3}{4}$ million has of course implied a transfer of that amount from the Reserve in England to that in India. But the Home balance, which amounts, at the present valuation, to about £13 million of gold and sterling securities, is still strong, and can be supplemented, if occasion requires, by the shipment of our gold from India. Meanwhile exchange has gone above par, and for several weeks past the demand for reverse drafts has wholly ceased.

Public Debt of India.

96. I should like, in drawing to the conclusion of this speech, to add a few words on the question of India's financial preparedness for war. I said at the outset that our system here has been subjected to a supreme test. If we win our way through

this crisis without drawing upon other resources and other credit than our own, our success will be due to the wise dispositions and the financial self-denial in the past which have built up for India a position of quite exceptional strength. With our restricted money markets here, we stand in need of exceptionally large liquid resources immediately available, and these we possess in our Treasury balances, our Paper Currency Reserve, and our Gold Standard Reserve, the combined efficiency of which is much enhanced by the elasticity of our system, under which, in periods of emergency, one reserve can freely assist another. But more important still is the credit which India has established, through good and evil times alike, by restricting her outlay to her available means, and so avoiding the accumulation of wasteful debt. Almost the whole of her debt today represents productive outlay, normally yielding a return far in excess of the interest which she has to pay on the amount borrowed; sufficient indeed to cover also the interest on the small margin of debt which can be described as unproductive, and still to leave an ample margin. She is thus entirely exempt from the dead weight of interest charges which hamper the finances of most Western countries, and will hamper them to a vastly increased extent by the time this war is finished.

97. The subject was discussed by my predecessor in introducing his Financial Statement for 1909-10. In present circumstances it possesses, I think, a special interest and relevance, and I have thought it worth while to bring up-to-date and present again the figures which he then gave:—

[In millions of £]

	Ordinary debt.	PRODUCTIVE PUBLIC WORKS DEBT.			Grand total of debt (columns 1 and 4.)
		Railways.	Irrigation.	TOTAL.	
	1	2	3	4	5
On 31st March—					
1888 . . .	73·0	59·2	17·3	76·5	149·5
1893 . . .	65·0	91·0	19·3	110·3	175·3
1898 . . .	70·0	106·0	21·7	127·7	197·7
1903 . . .	59·1	128·1	24·8	152·9	212·0
1908 . . .	37·4	177·7	29·9	207·6	245·0
1913 . . .	25·0	211·8	37·6	249·4	274·4
1914 . . .	12·8	222·0	39·4	261·4	274·2*

I may explain that for the purpose of these figures rupees have been uniformly converted into pounds sterling at the rate of R15 to the pound.†

98. It will be seen that out of a total debt of £274 million at the end of March last, only about £13 million represented ordinary or unproductive debt. The annual interest on the latter was £ $\frac{3}{4}$ million only, and on the productive debt about £8 $\frac{1}{2}$ million, so that our total interest charges amounted to some £9 $\frac{1}{4}$ million. Railways and Irrigation works in the same year (1913-14) yielded us a return of £15 $\frac{1}{4}$ million. Thus we still had left some £6 million of clear revenue from our great capital undertakings, after meeting the interest charges on our entire public debt.

99. These figures refer, of course, only to our permanent or funded debt. We have also a certain amount of unfunded debt and other floating liabilities representing savings banks deposits, deposits of State provident funds, balances of local bodies, and so forth, which amounted at the end of 1913-14, to about £33 $\frac{1}{4}$ million. On the

* The reduction of total debt here shown is due to the discharge of debt (India bonds and debentures of purchased railways) exceeding the rupee loan of the year (£2 million). There was no issue of India stock in 1913-14.

† I mention this, as, in the Finance and Revenue Statistics of British India, the compiler, prior to the year 1899-1900, obtained his sterling figures by conversion of rupees at the rate of R10 to the pound, and thus introduced some superficially confusing results.

other hand, we had due to us on the same date a considerable body of loans given to agriculturists, local bodies, etc., which at the end of 1913-14 aggregated £12 $\frac{3}{4}$ million. Our indebtedness outside our regular loans was thus represented by a net figure of £20 $\frac{1}{2}$ million—a sum which may properly be included in the reckoning, but does not materially affect the broad results already brought out

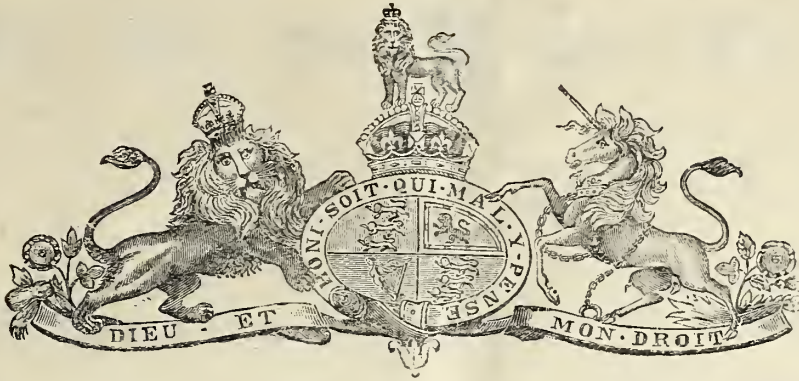
100. This then represents the position which India's debt account had attained at the moment when normal conditions were interrupted by the outbreak of war. It is because this position was so strong that we can view without undue disquiet some considerable temporary addition to our debt. It has also to be remembered that, in so far as the borrowings of the war period have been necessitated by the repayment of our savings banks depositors, they represent a discharge of unfunded debt, and these two sets of transactions, namely the drain on the savings banks and the corresponding borrowings, leave our debt position unaltered.

101. While, however, our general position is one on which we may congratulate, I will not say ourselves, but at any rate our predecessors, we must be careful not to allow it to be impaired too readily even by an extraordinary emergency such as this. For this reason, we have had, reluctantly, to reduce to some extent the provision for material and social development on which, in a succession of prosperous years, India has grown accustomed to rely. We have not proposed additional taxation to make good deficits which, we hope, will prove to be temporary only. But, as I have already said, we should not hesitate to do so, if it appeared later that our permanent revenue position was seriously threatened. We must also remember that when the war is ended some of its effects may endure for some time to come, and in particular, that we shall then have to face the question of dealing with the temporary debt which we are now accumulating.

102. In conclusion, I must express my acknowledgments to the officers of the Finance Department for the way in which they have dealt, in their various spheres, with a set of new and difficult conditions, which in many cases have added materially to their work and anxieties. I am deeply indebted to their loyal and efficient aid.

W. S. MEYER.

Delhi, March 2nd, 1915.



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FINANCIAL STATEMENT

OF THE

GOVERNMENT OF INDIA

MARCH 1915

ACCOUNTS	1913-14
REVISED ESTIMATES	1914-15
BUDGET ESTIMATES	1915-16

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I.—General Statement of the Revenue, and Expenditure charged to

	For details, vide State- ment.	Accounts, 1913-1914.	Budget Estimate, 1914-1915.	Revised Estimate, 1914-1915.	Budget Estimate, 1915-1916.
		£	£	£	£
Revenue—					
Principal Heads of Revenue—					
Land Revenue	A	21,391,575	21,674,100	21,243,000	22,049,800
Opium	"	1,624,878	1,839,100	1,558,100	1,798,000
Salt	"	3,445,305	3,436,900	3,697,800	3,382,100
Stamps	"	5,318,293	5,371,600	5,031,900	5,107,100
Excise	"	8,894,300	9,161,900	8,765,800	8,790,300
Customs	"	7,553,220	7,236,800	6,319,500	5,943,000
Other Heads	"	5,496,175	5,337,300	5,150,400	5,151,000
TOTAL PRINCIPAL HEADS	...	53,728,746	54,057,700	51,764,000	52,221,100
Interest	A	1,352,119	1,376,000	1,008,300	1,057,100
Posts and Telegraphs	"	3,598,519	3,732,400	3,519,300	3,579,200
Mint	"	333,841	249,800	57,900	71,300
Receipts by Civil Departments	"	1,408,286	1,437,300	1,483,500	1,534,000
Miscellaneous	"	772,579	731,700	759,600	583,200
Railways: Net Receipts	"	17,625,634	17,329,700	15,268,300	15,029,300
Irrigation	"	4,713,159	4,559,300	4,713,300	4,795,300
Other Public Works	"	298,640	339,400	266,400	256,100
Military Receipts	"	1,389,652	1,366,100	1,315,700	1,220,300
TOTAL REVENUE	...	85,207,175	85,079,400	80,156,300	80,346,900
DEFICIT	...	...	...	2,741,600	2,770,300
TOTAL	...	85,207,175	85,079,400	82,897,900	83,117,200

DELHI,
FINANCE DEPARTMENT,
March 2, 1915.

R. A. GAMBLE,
Comptroller General.

Revenue, of the Government of India, in India and in England.

	For details, vide State- ment.	Accounts, 1913-1914.	Budget Estimate, 1914-1915.	Revised Estimate, 1914-1915.	Budget Estimate, 1915-1916.
		£	£	£	£
Expenditure—					
Direct Demands on the Revenues	B	9,274,597	9,341,000	9,018,600	9,539,300
Interest	„	1,515,653	1,607,800	1,480,900	1,465,600
Posts and Telegraphs	„	3,272,984	3,350,000	3,290,100	3,294,400
Mint	„	132,630	104,300	139,400	102,000
Salaries and Expenses of Civil Departments	„	17,934,199	19,793,000	18,890,700	19,130,100
Miscellaneous Civil Charges	„	5,403,804	5,449,700	5,332,500	5,108,400
Famine Relief and Insurance	„	1,000,000	1,000,000	1,000,000	1,000,000
Railways: Interest and Miscellaneous Charges	„	12,836,101	13,409,000	13,354,700	13,850,000
Irrigation	„	3,531,867	3,651,400	3,729,000	3,650,800
Other Public Works	„	7,010,038	7,456,500	7,016,200	5,818,900
Military Services	„	21,265,765	21,866,100	21,802,400	21,220,300
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL . . .	...	83,177,638	87,023,800	85,114,500	84,179,800
<i>Add—Provincial Surpluses: that is, portion of allotments to Provincial Governments not spent by them in the year.</i>	End of B	325,692	...	...	...
<i>Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.</i>	„	608,578	3,205,900	2,216,600	1,062,600
TOTAL EXPENDITURE CHARGED TO REVENUE . . .	...	82,894,752	83,822,900	82,897,900	83,117,200
SURPLUS . . .	...	2,312,423	1,256,500	...	...
TOTAL . . .	...	85,207,175	85,079,400	82,897,900	83,117,200

H. F. HOWARD,
Controller of Currency.

J. B. BRUNYATE,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, vide State- ment.	RECEIPTS.			
		Accounts, 1913-1914.	Budget Estimate, 1914-1915.	Revised Estimate, 1914-1915.	Budget Estimate, 1915-1916.
		£	£	£	£
Surplus	C	2,312,423	1,256,500	...	...
Railway, Irrigation and other Capital not charged to Revenue—					
Capital raised through Companies towards outlay on State Railways	"	34,667	816,600	2,367,500	6,533,300
Capital contributed by Native States towards construction of State Railways	"	200,000	66,700	66,700	66,700
Capital raised and deposited by Railway Companies (net) . .	"	4,717,480	888,100	2,044,000	320,600
Debt, Deposits, and Advances—					
Permanent Debt (net incurred)	C	118,200	7,274,600	2,727,200	2,008,700
Temporary Debt (net incurred) . . . . .	"	...	...	14,333,300	...
Unfunded Debt (net incurred)	"	2,201,970	1,772,100	...	...
Deposits and Advances (net)	"	67,762	...	...	...
Loans and Advances by Imperial Government (net Repayments)	"	213,183	...	...	...
Loans and Advances by Provincial Governments (net Repayments)	"	...	62,200	...	405,000
Loans to Local Boards for Railway Construction	"	7,124	7,400	7,400	7,700
Remittances (net) . . . . .	"	...	...	...	306,200
Secretary of State's Bills drawn	"	29,050,827	20,000,000	6,900,000	7,700,000
TOTAL RECEIPTS . . . . .	...	38,923,636	32,144,200	28,446,100	17,348,200
Opening Balance—India . . . . .	...	19,293,181	14,707,131	15,608,253	13,795,853
England . . . . .	...	(a) 9,789,634	(a) 7,457,034	(a) 8,157,732	(a) 7,391,032
TOTAL . . . . .	...	68,006,401	54,308,365	52,212,085	38,535,085

(a) Include balances of the Gold Standard Reserve as shown

DELHI,
FINANCE DEPARTMENT,
March 2, 1915.

R. A. GAMBLE,
Comptroller General.

Government of India, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1913-1914.	Budget Estimate, 1914-1915.	Revised Estimate, 1914-1915.	Budget Estimate, 1915-1916.
		£	£	£	£
Deficit	C	...	...	2,741,600	2,770,300
Railway, Irrigation and other Capital not charged to Revenue—					
Outlay on Irrigation Works	"	1,282,262	1,200,000	1,166,400	1,100,000
Outlay on State Railways	"	10,483,200	10,472,700	10,666,600	7,620,200
Initial outlay on new Capital at Delhi	"	447,124	666,700	363,400	266,700
Outlay of Railway Companies (net)	"	2,002,303	1,865,600	1,450,700	701,200
TOTAL CAPITAL ACCOUNT DISBURSEMENTS . . . . .	...	14,214,899	14,205,000	13,647,100	9,688,100
Debt, Deposits and Advances—					
Unfunded Debt (net Discharged)	C	...	...	5,070,900	219,900
Deposits and Advances (net)	"	...	2,583,900	1,483,600	1,358,000
Loans and Advances by Imperial Government (net Advances)	"	...	238,700	4,700	153,700
Loans and Advances by Provincial Governments (net Advances)	"	797,937	...	181,600	...
Remittances (net)	"	176,823	6,200	1,088,500	...
Secretary of State's Bills paid	"	29,050,757	20,000,000	6,857,200	7,660,000
TOTAL DISBURSEMENTS . . . . .	...	44,240,416	37,033,800	31,025,200	21,850,000
Closing Balance—India . . . . .	...	15,608,253	12,378,031	13,795,853	12,542,853
England . . . . .	...	8,157,732 ^(a)	4,896,534 ^(a)	7,391,032 ^(a)	4,142,232 ^(a)
TOTAL . . . . .	...	68,006,401	54,308,365	52,212,085	38,535,085

in the notes on pages 14 and 15.

H. F. HOWARD,
Controller of Currency.J. B. BRUNYATE,
Secretary to the Government of India.

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1913-1914.					REVISED	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
Principal Heads of Revenue—	£	£	£	£	£	£	£
I.—Land Revenue	21,391,575	...	21,391,575	10,384,600	11,006,975	21,243,000	...
II.—Opium	1,624,878	...	1,624,878	1,624,878	...	1,556,100	...
III.—Salt	3,445,305	...	3,445,305	3,445,305	...	3,697,300	...
IV.—Stamps	5,318,293	...	5,318,293	2,704,789	2,603,504	5,031,900	...
V.—Excise	8,894,300	...	8,894,300	2,498,883	6,395,417	8,765,800	...
VI.—Provincial Rates	180,210	...	180,210	398	179,812	37,100	...
VII.—Customs	7,558,220	...	7,558,220	7,558,220	...	6,319,500	...
VIII.—Assessed Taxes	1,950,250	...	1,950,250	1,068,870	881,380	2,008,700	...
IX.—Forest	2,229,872	...	2,229,872	74,196	2,155,676	2,005,200	...
X.—Registration	518,962	...	518,962	6,418	512,544	492,300	...
XI.—Tributes from Native States	616,881	...	616,881	616,881	...	607,100	...
TOTAL	53,728,746	...	53,728,746	29,983,438	23,740,308	51,764,000	...
XII.—Interest	1,032,754	319,365	1,352,119	1,067,516	284,603	825,800	182,500
XIII.—Posts and Telegraphs	3,593,734	4,785	3,598,519	3,598,519	...	3,509,500	9,800
XV.—Mint	339,777	64	339,841	339,841	...	57,900	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	373,791	...	373,791	19,220	354,571	405,600	...
Jails	288,448	...	288,448	31,236	257,212	291,700	...
XVII.—Police	130,339	...	130,339	3,909	126,430	132,200	...
XVIII.—Ports and Pilotage	153,609	...	153,609	...	153,609	138,900	...
XIX.—Education	247,905	...	247,905	5,853	242,052	258,800	...
XX.—Medical	79,712	676	80,388	1,271	79,117	86,200	700
XXIA.—Agriculture	65,897	...	65,897	8,861	57,036	65,500	...
XXIB.—Scientific and Miscellaneous Departments	66,947	962	67,909	10,473	57,436	103,000	900
TOTAL	1,406,648	1,638	1,408,286	80,823	1,327,463	1,481,900	1,600
Miscellaneous—							
XXII.—Receipts in aid of Superannuation	144,941	61,869	206,810	150,968	55,842	158,100	49,200
XXIII.—Stationery and Printing	93,416	...	93,416	41,556	51,860	98,300	...
XXIV.—Exchange	119,741	...	119,741	119,741	...	71,700	...
XXV.—Miscellaneous	311,901	40,711	352,612	154,504	198,108	368,600	13,700
TOTAL	669,999	102,580	772,579	466,769	305,810	696,700	62,900
Railways—							
XXVI.—State Railways (Gross Receipts)	37,545,905	230	37,546,135	37,537,881	8,254	35,639,300	400
Deduct :—Working Expenses	19,572,745	...	19,572,745	19,566,778	5,967	19,754,700	...
Surplus profits paid to Companies, etc.	440,857	...	440,857	440,857	...	685,700	...
Net Receipts	17,532,303	230	17,532,533	17,530,246	2,287	15,198,900	400
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of advances of Interest)	16,331	76,770	93,101	93,101	...	21,700	47,300
TOTAL	17,548,634	77,000	17,625,634	17,623,347	2,287	15,220,600	47,700
Irrigation—							
XXIX.—Major Works : Direct Receipts	2,765,966	...	2,765,966	1,161,457	1,604,509	2,743,500	...
Portion of Land Revenue due to Irrigation	1,684,374	...	1,684,374	910,519	773,855	1,697,200	...
XXX.—Minor Works and Navigation	262,819	...	262,819	101,642	161,177	272,600	...
TOTAL	4,713,159	...	4,713,159	2,173,618	2,539,541	4,713,300	...
Other Public Works—							
XXXI.—Civil Works	298,640	...	298,640	45,920	252,720	266,400	...
Military Receipts—							
XXXII.—Army : Effective	765,604	315,027	1,080,631	1,080,631	...	710,900	320,100
Non-Effective	86,716	36,159	122,875	122,875	...	85,500	35,000
XXXIII.—Marine	852,320	351,186	1,203,506	1,203,506	...	796,400	355,100
XXXIV.—Military Works	89,542	...	89,542	89,542	...	89,200	...
76,604	76,604	...	76,604	76,604	...	75,000	...
TOTAL	1,018,466	351,186	1,369,652	1,369,652	...	960,600	355,100
Transfers between Imperial and Provincial Revenues . . . . .	...	...	...	-2,536,386	+2,536,386	...	...
TOTAL REVENUE	84,350,557	856,618	85,207,175	54,218,057	30,989,118	79,496,700	659,600

India, in India and in England.

ESTIMATE, 1914-1915.			Increase + Decrease— as compared with Budget Estimate, 1914-1915.	BUDGET ESTIMATE, 1915-1916.					Increase + Decrease — of Budget, 1915-1916, as compared with Budget Estimate, 1914-1915.	Increase + Decrease— of Budget, 1915-1916, as compared with Revised Estimate, 1914-1915.
TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
21,243,000	10,363,100	10,879,900	—431,100	22,049,600	...	22,049,600	10,790,700	11,258,900	+ 375,500	+ 806,600
1,556,100	1,556,100	...	—283,000	1,798,000	...	1,798,000	1,798,000	...	—41,100	+ 241,900
3,697,390	3,697,300	...	+ 260,400	3,382,100	...	3,382,100	3,382,100	...	—54,800	—315,200
5,031,900	2,564,500	2,467,400	—339,700	5,107,100	...	5,107,100	2,602,000	2,505,100	—264,500	+ 75,200
8,765,800	2,470,500	6,295,300	—396,100	8,790,300	...	8,790,300	2,457,400	6,332,900	—371,600	+ 24,500
37,100	400	36,700	+ 6,800	30,600	...	30,600	200	30,400	+ 300	—6,500
6,319,500	6,319,500	...	—917,300	5,943,000	...	5,943,000	5,943,000	...	—1,293,800	—376,500
2,008,700	1,103,000	905,700	+ 128,300	1,878,300	...	1,878,300	1,036,400	841,900	—2,100	—130,400
2,005,200	55,800	1,949,400	—288,800	2,115,800	...	2,115,800	62,400	2,053,400	—178,200	+ 110,600
492,300	6,200	486,100	—31,000	513,000	...	513,000	6,100	506,900	—10,000	+ 20,700
607,100	607,100	...	—2,200	613,300	...	613,300	613,300	...	+ 4,000	+ 6,200
51,764,000	28,743,500	23,020,500	—2,293,700	52,221,100	...	52,221,100	28,691,600	23,529,500	—1,836,600	+ 457,100
1,008,300	700,500	307,800	—367,700	884,900	172,200	1,057,100	703,300	353,800	—318,900	+ 48,800
3,519,300	3519,300	...	—213,100	3,498,900	80,300	3,579,200	3,579,200	...	—151,200	+ 59,900
57,900	57,900	...	—191,900	71,300	...	71,300	71,300	...	—178,500	+ 13,400
405,600	33,500	372,100	+ 8,900	408,900	...	408,900	34,200	374,700	+ 12,200	+ 3,300
291,700	29,000	262,700	+ 4,600	304,200	...	304,200	28,900	275,300	+ 17,100	+ 12,500
132,200	4,900	127,300	+ 5,100	140,100	...	140,100	4,900	135,200	+ 13,000	+ 7,900
138,900	...	138,900	—18,300	150,900	...	150,900	...	150,900	—6,300	+ 12,000
258,800	6,700	252,100	+ 2,700	274,900	...	274,900	6,400	268,500	+ 18,800	+ 16,100
86,900	1,300	85,600	+ 8,500	86,300	600	86,900	1,200	85,700	+ 8,500	...
65,500	7,700	57,800	—3,600	71,300	...	71,300	9,400	61,900	+ 2,200	+ 5,800
103,900	12,800	91,100	+ 38,300	95,900	900	96,800	10,900	85,900	+ 31,200	—7,100
1,483,500	95,900	1,387,600	+ 46,200	1,532,500	1,500	1,534,000	95,900	1,438,100	+ 96,700	+ 50,500
207,300	143,900	63,400	+ 2,700	155,800	34,000	189,800	127,400	62,400	—14,800	—17,100
98,300	45,200	53,100	+ 8,300	96,000	...	96,000	43,700	52,300	+ 6,000	—2,300
71,700	71,700	...	+ 5,000	...	...	...	...	...	—66,700	—71,700
382,300	207,200	175,100	+ 11,900	283,400	14,000	297,400	115,900	181,500	—73,000	—84,900
759,600	468,000	291,600	+ 27,900	535,200	48,000	583,200	287,000	296,200	—148,500	—176,400
35,639,700	35,632,100	7,600	—2,094,000	35,341,300	400	35,341,700	35,333,700	8,000	—2,392,000	—298,000
19,754,700	19,747,600	7,100	+ 72,000	19,913,100	...	19,913,100	19,906,700	6,400	—8,400	—158,400
685,700	685,700	...	—44,000	488,200	...	488,200	488,200	...	+ 153,500	+ 197,500
15,199,300	15,198,800	500	—2,066,000	14,940,000	400	14,940,400	14,938,800	1,600	—2,324,900	—258,900
69,000	69,000	...	+ 4,600	21,400	67,500	88,900	88,900	...	+ 24,500	+ 19,900
15,268,300	15,267,800	500	—2,061,400	14,961,400	67,900	15,029,300	15,027,700	1,600	—2,300,400	—239,000
2,743,500	1,116,900	1,626,600	+ 81,800	2,769,200	...	2,769,200	1,175,800	1,593,400	+ 107,500	+ 25,700
1,697,200	917,000	780,200	+ 75,800	1,742,900	...	1,742,900	940,500	802,400	+ 121,500	+ 45,700
272,600	102,900	169,700	—3,600	283,200	...	283,200	105,300	177,900	+ 7,000	+ 10,600
4,713,300	2,136,800	2,576,500	+ 154,000	4,795,300	...	4,795,300	2,221,600	2,573,700	+ 236,000	+ 82,000
266,400	45,000	221,400	+ 27,000	256,100	...	256,100	42,200	213,900	+ 16,700	—10,300
1,031,000	1,031,000	...	—38,500	662,900	301,700	964,600	964,600	...	—104,900	—68,400
120,500	120,500	...	—2,300	83,500	27,000	110,500	110,500	...	—12,300	—10,000
1,151,500	1,151,500	...	—40,800	746,400	328,700	1,075,100	1,075,100	...	—117,200	—76,400
89,200	89,200	...	—4,600	68,200	...	68,200	68,200	...	—25,600	—21,000
75,000	75,000	...	—5,000	77,000	...	77,000	77,000	...	—3,000	+ 2,000
1,315,700	1,315,700	...	—50,400	891,800	328,700	1,220,300	1,220,300	...	—145,800	—95,400
...	2,423,000	+ 2,423,000	...	...	...	...	—2,285,100	+ 2,285,100	...	...
80,156,300	49,927,400	30,228,900	—4,923,100	79,648,300	698,600	80,346,900	49,655,000	30,691,900	—4,732,500	+ 190,600

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1913-1914.					REVISED	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
	£	£	£	£	£	£	£
Direct Demands on the Revenues—							
1.—Refunds and Drawbacks	336,142	...	336,142	226,418	109,724	377,900	...
2.—Assignments and Compensations	1,241,101	...	1,241,101	548,566	692,535	1,276,500	...
Charges in respect of Collection, viz. :—							
3.—Land Revenue	3,984,693	1,729	3,986,422	293,917	3,692,505	3,954,100	1,800
4.—Opium (including cost of Production)	1,011,696	744	1,012,440	1,012,440	...	657,200	600
5.—Salt (including cost of Production)	364,580	793	365,373	365,373	...	367,100	1,500
6.—Stamps	66,598	106,545	173,143	92,182	80,961	52,700	61,000
7.—Excise	437,433	96	437,529	140,082	297,447	462,200	400
9.—Customs	260,818	434	261,252	261,252	...	268,600	600
10.—Assessed Taxes	31,254	...	31,254	15,748	15,506	33,000	...
11.—Forest	1,169,575	4,913	1,174,488	76,146	1,098,342	1,237,100	4,700
12.—Registration	255,453	...	255,453	1,832	253,621	261,600	...
TOTAL	9,159,343	115,254	9,274,597	3,033,956	6,240,641	8,948,000	70,600
Interest—							
13.—Interest on Debt	3,421,622	5,912,796	9,334,418	8,452,492	881,926	3,673,300	6,078,000
Deduct—Amounts chargeable to Railways†	3,596,912	3,706,233	7,303,145	7,303,145	...	4,007,500	3,635,000
" Amounts chargeable to Irrigation	1,186,167	118,679	1,304,846	642,590	662,256	1,246,000	120,600
Remainder chargeable on Ordinary Debt	-1,361,457	2,087,884	726,427	506,757	219,670	-1,580,200	2,322,400
14.—Interest on other obligations	789,226	...	789,226	789,226	...	738,700	...
TOTAL	-572,231	2,087,884	1,515,653	1,295,983	219,670	-841,500	2,322,400
15.—Posts and Telegraphs	3,005,156	267,328	3,272,984	3,272,984	...	3,070,300	219,800
17.—Mint	122,056	10,564	132,630	132,630	...	129,900	9,500
Salaries and Expenses of Civil Departments—							
18.—General Administration	1,593,108	390,539	1,983,647	1,108,784	874,863	1,661,300	408,700
19.—Law and Justice { Courts	3,088,001	159	3,088,160	75,581	3,012,579	3,287,700	1,300
{ Jails	982,746	157	982,903	131,893	851,010	1,009,300	...
20.—Police	4,863,360	1,630	4,864,990	244,764	4,620,226	5,239,400	1,200
21.—Ports and Pilotage	204,426	200	204,626	200	204,426	212,600	100
22.—Education	3,166,426	10,383	3,176,809	120,566	3,056,243	3,214,500	10,300
23.—Ecclesiastical	127,564	148	127,712	127,712	...	127,300	400
24.—Medical	1,329,616	8,319	1,337,935	138,561	1,199,374	1,502,200	6,400
25.—Political	1,144,044	15,143	1,159,190	917,642	241,548	1,130,100	24,000
26A.—Agriculture	633,682	1,257	634,939	83,991	450,948	508,000	...
26B.—Scientific and Miscellaneous Departments	439,759	33,529	473,288	339,537	133,751	443,300	42,600
TOTAL	17,472,732	461,467	17,934,199	3,289,231	14,644,968	18,395,700	495,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	209,531	11,189	220,720	220,720	...	205,800	10,600
28.—Civil Furlough and Absentee Allowances	1,280	450,326	451,606	451,606	...	900	355,000
29.—Superannuation Allowances and Pensions	1,344,840	2,054,647	3,399,487	2,167,018	1,232,469	1,443,900	2,058,000
30.—Stationery and Printing	624,448	105,308	729,756	214,117	515,639	647,800	118,100
32.—Miscellaneous	555,875	46,360	602,235	346,334	255,901	402,500	149,900
TOTAL	2,735,974	2,667,830	5,403,804	3,399,795	2,004,009	2,700,900	2,691,600
Famine Relief and Insurance—							
33.—Famine Relief	157,511	...	157,511	157,511	...	289,900	...
34.—Construction of Protective Railways	7,835	741	8,576	8,576	...	-1,500	...
35.—Construction of Protective Irrigation Works	475,267	16,157	491,424	491,424	...	482,500	19,000
36.—Reduction or Avoidance of Debt	342,489	...	342,489	92,489	250,000	210,100	...
TOTAL	983,102	16,898	1,000,000	750,000	250,000	981,000	19,000
Carried over	32,906,142	5,627,725	38,533,867	15,174,579	23,359,288	33,384,300	5,827,900

	ACCOUNTS, 1913-1914.			REVISED ESTIMATE, 1914-1915.		
	India.	England.	TOTAL.	India.	England.	TOTAL.
†Included under the following heads :—						
State Railways—Interest on Debt	£ 3,357,109	£ 3,530,733	£ 6,887,842	£ 3,991,100	£ 3,553,800	£ 7,544,900
Ditto —Interest chargeable against Companies on Advances	239,803	175,500	415,303	16,400	81,200	97,600
TOTAL	3,596,912	3,706,233	7,303,145	4,007,500	3,635,000	7,642,500

Revenues of India, in India and in England.

ESTIMATE, 1914-1915.			Increase + Decrease — as compared with Budget Estimate, 1914-1915.	BUDGET ESTIMATE, 1915-1916.					Increase + Decrease — of Budget, 1915-1916, as compared with Budget Estimate, 1914-1915.	Increase + Decrease — of Budget, 1915-1916, as compared with Revised Estimate, 1914-1915.
TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
377,900	268,400	109,500	+ 68,300	316,500	...	316,500	220,400	96,100	+ 6,900	— 61,400
1,276,500	560,400	716,100	+ 38,400	1,286,200	...	1,286,200	563,700	722,500	+ 48,100	+ 9,700
3,955,900	317,100	3,638,800	— 227,300	4,121,400	1,300	4,122,700	342,100	3,780,600	— 60,500	+ 166,800
657,800	657,800	...	— 600	912,500	400	912,900	912,900	...	+ 254,500	+ 255,100
368,600	368,600	...	— 22,700	390,100	900	391,000	391,000	...	— 300	+ 22,400
113,700	42,000	71,700	— 37,900	59,200	92,000	151,200	76,400	74,800	— 400	+ 37,500
462,600	144,600	318,000	— 23,900	491,900	200	492,100	153,600	338,500	+ 5,600	+ 29,500
269,200	269,200	...	— 4,300	275,500	300	275,800	275,800	...	+ 2,300	+ 6,600
33,000	16,800	16,200	+ 500	34,500	...	34,500	17,500	17,000	+ 2,000	+ 1,500
1,241,800	82,900	1,158,900	— 106,500	1,287,400	4,900	1,292,300	96,800	1,195,500	— 56,000	+ 50,500
261,600	1,900	259,700	— 6,400	264,100	...	264,100	1,800	262,300	— 3,900	+ 2,500
9,018,600	2,729,700	6,288,900	— 322,400	9,439,300	100,000	9,539,300	3,052,000	6,487,300	+ 193,300	+ 520,700
9,751,300	8,833,200	918,100	+ 175,900	3,926,700	6,092,300	10,019,000	9,086,900	932,100	+ 443,600	+ 267,700
7,642,500	7,642,500	...	— 251,300	4,099,400	3,676,800	7,776,200	7,776,200	...	— 385,000	— 133,700
1,366,600	684,600	682,000	— 1,800	1,301,100	122,200	1,423,300	722,400	700,900	— 58,500	— 56,700
742,200	506,100	236,100	— 77,200	— 1,473,800	2,293,300	819,500	588,300	231,200	+ 100	+ 77,300
738,700	738,700	...	— 49,700	646,100	...	646,100	646,100	...	— 142,300	— 92,600
1,480,900	1,244,800	236,100	— 126,500	— 827,700	2,293,300	1,465,600	1,234,400	231,200	— 142,200	— 15,300
3,290,100	3,290,100	...	— 59,900	3,127,300	167,100	3,294,400	3,294,400	...	— 55,600	+ 4,300
139,400	139,400	...	+ 35,100	94,700	7,300	102,000	102,000	...	— 2,300	— 37,400
2,070,000	1,154,600	915,400	+ 68,800	1,654,300	365,200	2,019,500	1,105,400	914,100	+ 18,300	— 50,500
3,289,000	87,000	3,202,000	+ 148,600	3,312,300	700	3,313,000	82,700	3,230,300	+ 172,600	+ 24,000
1,009,300	138,600	871,300	+ 49,700	1,009,800	...	1,009,800	136,400	873,400	+ 50,200	+ 500
5,240,600	265,300	4,975,300	+ 37,400	5,354,300	1,300	5,355,600	267,300	5,088,300	+ 152,400	+ 115,000
212,700	100	212,600	— 7,200	215,500	100	215,600	100	215,500	— 4,300	+ 2,900
3,224,800	126,700	3,098,100	— 775,100	3,314,400	9,300	3,323,700	125,100	3,198,600	— 676,200	+ 98,900
127,700	127,700	...	— 7,200	135,000	300	135,300	135,300	...	+ 400	+ 7,600
1,508,600	159,500	1,349,100	— 376,400	1,484,900	5,100	1,490,000	191,100	1,298,900	— 395,000	— 18,600
1,154,100	930,400	223,700	+ 9,900	1,150,700	5,600	1,156,300	928,000	228,300	+ 12,100	+ 2,200
568,600	62,500	506,500	— 35,600	606,900	...	606,900	68,200	538,700	+ 3,300	+ 38,900
485,900	345,400	140,500	— 15,200	464,600	39,800	504,400	348,600	155,800	+ 3,300	+ 18,500
18,890,700	3,397,200	15,493,500	— 902,300	18,702,700	427,400	19,130,100	3,388,200	15,741,900	— 662,900	+ 239,400
216,400	216,400	...	— 5,800	207,200	10,000	217,200	217,800	...	— 4,400	+ 1,400
355,900	355,900	...	— 77,400	900	83,000	83,900	83,900	...	— 349,400	— 272,000
3,501,900	2,174,000	1,327,900	+ 52,300	1,484,500	2,059,000	3,543,500	2,175,200	1,368,300	+ 93,900	+ 41,600
765,900	234,900	531,000	+ 46,200	650,600	103,100	753,700	211,600	542,100	+ 34,000	— 12,200
552,400	329,400	223,000	— 72,500	477,800	31,700	509,500	204,000	305,500	— 115,400	— 42,900
5,392,500	3,310,600	2,081,900	— 57,200	2,821,000	2,287,400	5,108,400	2,892,500	2,215,900	— 341,300	— 284,100
289,900	183,800	106,100	— 8,600	7,100	...	7,100	7,100	...	— 291,400	— 282,800
— 1,500	— 1,500	...	— 1,600	...	...	...	...	...	— 100	+ 1,500
501,500	501,500	...	+ 1,600	483,500	16,500	500,000	500,000	...	+ 100	— 1,500
210,100	15,000	195,100	+ 8,600	492,900	...	492,900	328,200	164,700	+ 291,400	+ 282,800
1,000,000	698,800	301,200	...	983,500	16,500	1,000,000	835,300	164,700	...	...
39,212,200	14,810,600	24,401,600	— 1,433,600	34,340,800	5,299,000	39,639,800	14,798,800	24,841,000	— 1,006,000	+ 427,600

BUDGET ESTIMATE, 1915-1916.

India	England.	TOTAL.
£	£	£
4,081,700	3,595,600	7,677,300
17,700	81,200	98,900
4,099,400	3,676,800	7,776,200

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1913-1914.					REVISED	
	India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN		India.	England.
				Imperial.	Provincial.		
	£	£	£	£	£	£	£
Brought forward	32,906,142	5,627,725	38,533,867	15,174,579	23,359,288	33,384,300	5,827,900
Railways—							
38.—State Railways : Interest on Debt	3,357,109	3,530,733	6,887,842	6,887,842	...	3,991,100	3,553,800
Annuities in purchase of Railways	...	3,379,581	3,379,581	3,379,581	...	...	3,357,700
Sinking Funds	...	191,707	191,707	191,707	...	...	199,400
Interest chargeable against Companies on Advances	239,803	175,500	415,303	415,303	...	16,400	81,200
Interest on Capital deposited by Companies	229,839	1,722,577	1,952,416	1,952,416	...	56,000	1,932,300
40.—Subsidised Companies : Land, etc.	55,146	...	55,146	52,587	2,559	114,000	...
41.—Miscellaneous Railway Expenditure	—45,894	...	—45,894	—45,863	—31	52,800	...
TOTAL	3,836,003	9,000,098	12,836,101	12,833,573	2,528	4,230,300	9,124,400
Irrigation—							
42.—Major Works : Working Expenses	1,214,429	14	1,214,443	551,539	662,904	1,263,000	...
Interest on Debt	1,186,167	118,679	1,304,846	642,590	662,256	1,246,000	120,600
42A.—Expenditure on Protective Irrigation Works in addition to that charged under Famine Relief and Insurance	83,689	...	83,689	83,689	...	66,800	...
43.—Minor Works and Navigation	927,733	1,156	928,889	295,099	633,790	1,032,300	300
TOTAL	3,412,018	119,840	3,531,867	1,572,917	1,958,950	3,608,100	120,900
Other Public Works—							
44.—Construction of Railways charged to Provincial Revenues	1,414	...	1,414	...	1,414	1,600	...
45.—Civil Works	6,907,440	101,184	7,008,624	1,058,800	5,949,824	6,928,200	86,400
TOTAL	6,908,854	101,184	7,010,038	1,058,800	5,951,238	6,929,800	86,400
Military Services—							
46.—Army : Effective	13,903,995	2,638,876	16,542,871	16,542,871	...	14,629,400	2,380,800
Non-Effective	730,495	2,515,873	3,246,368	3,246,368	...	736,000	2,531,000
	14,634,490	5,154,749	19,789,239	19,789,239	...	15,365,400	4,911,800
46A.—Marine	255,703	257,142	512,845	512,845	...	240,400	244,300
47.—Military Works	905,607	41,690	947,297	947,297	...	977,400	39,000
47A.—Special Defences (1902)	7,148	9,236	16,384	16,384	...	10,500	13,000
TOTAL	15,802,948	5,462,817	21,265,765	21,265,765	...	16,593,700	5,208,700
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	62,865,965	20,311,673	83,177,638	51,905,634	31,272,004	64,746,200	20,368,300
Add—Portion of Allotments to Provincial Governments not spent by them in the year	325,692	...	325,692	...	325,692	...	...
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	608,578	...	608,578	...	608,578	2,216,600	...
Total Expenditure charged to Revenue	62,583,079	20,311,673	82,894,752	51,905,634	30,989,118	62,529,600	20,368,300

	ACCOUNTS, 1913-1914.		
	India.	England.	TOTAL.
	£	£	£
Capital Expenditure not charged to Revenue—			
48.—State Railways	7,484,613	2,998,587	10,483,200
49.—Irrigation Works	1,223,467	58,795	1,282,262
TOTAL	8,708,080	3,057,382	11,765,462
51.—Initial Expenditure on new Capital at Delhi	410,723	36,411	447,134

Revenues of India, in India and in England—*continued*.

ESTIMATE, 1914-1915.			Increase + Decrease — as compared with Budget Estimate, 1914-1915.	BUDGET ESTIMATE, 1915-1916.					Increase + Decrease — of Budget, 1915-1916, as compared with Budget Estimate, 1914-1915.	Increase + Decrease — of Budget, 1915-1916, as compared with Revised Estimate, 1914-1915.
TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			India.	England.	TOTAL.	DISTRIBUTION OF TOTAL BETWEEN			
	Imperial.	Provincial.					Imperial.	Provincial.		
£	£	£	£	£	£	£	£	£	£	£
39,212,200	14,810,600	24,401,600	-1,433,600	34,340,800	5,299,000	39,639,800	14,798,800	24,841,000	-1,006,000	+427,600
7,544,900	7,544,900	...	+497,400	4,081,700	3,595,600	7,677,300	7,677,300	...	+629,800	+132,400
3,357,700	3,357,700	...	...	...	3,357,700	3,357,700	3,357,700	...	...	...
199,400	199,400	...	...	...	208,100	208,100	208,100	...	+8,700	+8,700
97,600	97,600	...	-246,100	17,700	81,200	98,900	98,900	...	-244,800	+1,300
1,988,300	1,988,300	...	-199,300	66,900	2,183,400	2,253,300	2,253,300	...	+65,700	+265,000
114,000	113,300	700	-40,300	201,100	...	201,100	200,000	1,100	+6,800	+87,100
52,800	52,800	...	-26,000	53,600	...	53,600	53,600	...	-25,200	+800
13,354,700	13,354,000	700	-54,300	4,421,000	9,429,000	13,850,000	13,848,900	1,100	+441,000	+495,300
1,263,000	583,300	679,700	+13,600	1,271,400	...	1,271,400	596,100	675,300	+22,000	+8,400
1,366,600	684,600	682,000	+1,800	1,301,100	122,200	1,423,300	722,400	700,900	+58,500	+56,700
66,800	66,800	...	+33,300	...	...	...	...	...	-33,500	-66,800
1,032,600	319,800	712,800	+28,900	956,100	...	956,100	317,700	638,400	-47,600	-76,500
3,729,000	1,654,500	2,074,500	+77,600	3,528,600	122,200	3,650,800	1,636,200	2,014,600	-600	-78,200
1,600	...	1,600	-300	1,300	...	1,300	...	1,300	-600	-300
7,014,600	1,047,500	5,967,100	-440,600	5,796,400	21,200	5,817,600	921,100	4,896,500	-1,637,000	-1,197,000
7,016,200	1,047,500	5,968,700	-440,300	5,797,700	21,200	5,818,900	921,100	4,897,800	-1,637,600	-1,197,300
17,010,200	17,010,200	...	-30,100	14,794,500	1,754,500	16,549,000	16,549,000	...	-491,300	-461,200
3,267,000	3,267,000	...	+1,500	1,039,100	2,243,000	3,282,100	3,282,100	...	+16,600	+15,100
20,277,200	20,277,200	...	-23,600	15,833,600	3,997,500	19,831,100	19,831,100	...	-474,700	-446,100
484,700	484,700	...	-20,200	234,900	388,900	623,800	623,800	...	+118,900	+139,100
1,017,000	1,017,000	...	-5,400	726,300	18,000	744,300	744,300	...	-273,100	-272,700
23,500	23,500	...	-9,500	14,600	6,500	21,100	21,100	...	-11,900	-2,400
21,802,400	21,802,400	...	-63,700	16,809,400	4,410,900	21,220,300	21,220,300	...	-645,800	-582,100
85,114,500	52,669,000	32,445,500	-1,914,300	61,897,500	19,282,300	81,179,800	52,425,300	31,754,500	-2,849,000	-934,700
...	...	...	...	...	...	...	...	...	} +2,143,300	+1,154,000
2,216,600	...	2,216,600	+989,300	1,062,600	...	1,062,600	...	1,062,600		
82,897,900	52,669,000	30,228,900	-925,000	63,834,900	19,282,300	83,117,200	52,425,300	30,391,900	-705,700	+219,300

REVISED ESTIMATE, 1914-1915.			BUDGET ESTIMATE, 1915-1916.		
India.	England.	TOTAL.	India.	England.	TOTAL.
£	£	£	£	£	£
8,258,500	2,408,100	10,666,600	5,530,300	2,689,900	7,620,200
1,106,400	60,000	1,166,400	1,061,000	39,000	1,100,000
9,364,900	2,468,100	11,833,000	6,591,300	2,128,900	8,720,200
805,500	57,900	363,400	183,200	83,500	266,700

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1913-1914.			REVISED ESTIMATE, 1914-1915.			BUDGET ESTIMATE, 1915-1916.		
	India.	England.	TOTAL.	India.	England.	TOTAL.	India.	England.	TOTAL.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A) .	84,350,557	856,618	85,207,175	79,493,700	659,600	80,156,300	79,648,300	693,600	80,346,900
Excess of Revenue over Expenditure charged to Revenue			2,312,423			-2,741,600			-2,770,300
Railway, Irrigation, and other Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways .	34,667	...	34,667	2,367,500	...	2,367,500	6,533,300	...	6,533,300
Capital contributed by Native States towards construction of State Railways	200,000	...	200,000	66,700	...	66,700	66,700	...	66,700
OUTLAY OF RAILWAY COMPANIES—									
Repayments . . . .	...	5,637	5,637	...	19,400	19,400	...	2,400	2,400
NET			0			0			0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	164,692	4,832,788	4,997,480	436,700	1,557,300	2,044,000	320,600	1,996,600	2,317,200
NET			4,717,480			2,044,000		...	320,600
Permanent Debt Incurred—									
<i>Sterling Debt—</i>									
India Stock . . . .	...	...	...	...	...	...	...	...	...
<i>Rupee Debt—</i>									
Rupee Loan	2,000,000	...	...	3,333,300	...	...	3,000,000	...	...
TOTAL NET	2,000,000	...	2,000,000	3,333,300	...	3,333,300	3,000,000	...	3,000,000
			113,200			2,727,200			2,008,700
Temporary Debt Incurred—									
Temporary Loans . . . .	...	...	...	8,333,300	7,000,000	15,333,300	...	7,000,000	7,000,000
NET			0			14,333,300			0
Unfunded Debt—									
Deposits of Service Funds .	89,541	...	...	88,300	...	...	88,700	...	...
Savings Bank Deposits .	8,783,483	...	...	7,466,300	...	...	6,414,200	...	...
TOTAL NET	8,873,024	...	8,873,024	7,554,600	...	7,554,600	6,502,900	...	6,502,900
			2,201,970			0			0
Deposits and Advances—									
Balances of Provincial Allotments	325,692	...	...	...	...	...	...	...	...
Appropriation for Reduction or Avoidance of Debt .	342,489	...	...	210,100	...	...	492,900	...	...
Deposits of Local Funds—									
District Funds	5,260,391	...	...	5,210,400	...	...	4,784,800	...	...
Other Funds	1,343,956	...	...	1,285,900	...	...	1,229,900	...	...
Deposits of Sinking Funds .	43,825	...	...	59,000	...	...	61,000	...	...
Gold Standard Reserve .	4,286,872	9,728,845	...	3,000	10,021,200	...	...	8,238,600	...
Departmental and Judicial Deposits—									
War transactions . . . .	...	...	...	1,587,000	...	...	681,000	...	...
Other	30,205,951	...	...	30,413,100	...	...	29,934,200	...	...
Advances	5,600,420	16,536	...	6,897,500	1,045,400	...	8,130,400	1,075,700	...
Suspense Accounts	87,499	...	...	77,600	...	...	16,200	...	...
Miscellaneous	37,632	56	...	110,200	...	...	2,900	...	...
TOTAL NET	47,534,727	9,745,437	57,280,164	45,853,800	11,066,600	56,920,400	45,333,300	9,314,300	54,647,600
			67,762			0			0
Carried over	143,157,667	15,440,480		147,492,600	20,302,900		141,405,100	19,011,900	

Government of India, in India and in England.

	ACCOUNTS, 1913-1914.			REVISED ESTIMATE, 1914-1915.			BUDGET ESTIMATE, 1915-1916.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
Expenditure, Imperial and Provincial (from Statement B)	£ 62,865,965	£ 20,311,673	£ 83,177,638	£ 64,746,200	£ 20,368,300	£ 85,114,500	£ 64,897,500	£ 19,282,300	£ 84,179,800
Add—Provincial Surpluses transferred to "Deposits"	325,692	...	325,692	...	...	...	...	...	...
Deduct—Provincial Deficits charged to "Deposits"	608,578	...	608,578	2,216,600	...	2,216,600	1,062,600	...	1,062,600
TOTAL	62,583,079	20,311,673	82,894,752	62,529,600	20,368,300	82,897,900	63,834,900	19,282,300	83,117,200
Railway, Irrigation, and other Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	1,223,467	58,795	1,282,262	1,106,400	60,000	1,166,400	1,061,000	39,000	1,100,000
OUTLAY ON STATE RAILWAYS	7,484,613	2,998,587	10,483,200	8,258,500	2,408,100	10,666,600	5,530,300	2,089,900	7,620,200
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	410,723	36,411	447,134	305,500	57,900	363,400	183,200	83,500	266,700
OUTLAY OF RAILWAY COMPANIES— Payments for Capital Outlay	214,823	1,793,117	2,007,940	— 125,500	1,595,600	1,470,100	— 425,900	1,129,500	703,600
NET			2,002,303			1,450,700			701,200
RAISED AND DEPOSITED BY RAILWAY COMPANIES— Payments for Discharge of Debentures . . . . .	...	280,000	280,000	...	...	...	...	1,936,600	1,996,600
NET			0			0			0
Permanent Debt Discharged—									
<i>Sterling Debt—</i> Madras Railway Debentures . . . . .	...	170,000	...	...	...	...	...	...	...
Indian Midland do. . . . .	...	1,111,200	...	...	...	...	...	407,500	...
India Bonds . . . . .	...	500,000	...	...	500,000	...	...	500,000	...
<i>Rupee Debt—</i> 4½ p. c. Loans	1,293	...	...	...	...	...	...	...	...
4 p. c. Loans	81,047	...	...	103,500	...	...	80,700	...	...
3½ p. c. Loans . . . . .	...	...	...	100	...	...	100	...	...
3 p. c. Loans	18,253	...	...	2,500	...	...	2,900	...	...
Provincial Debentures	7	...	...	...	...	...	100	...	...
TOTAL	100,600	1,781,200	1,881,800	106,100	500,000	606,100	83,800	907,500	991,300
NET			0			0			0
Temporary Debt Discharged—									
Temporary Loans . . . . .	...	...	...	1,000,000	...	1,000,000	...	7,000,000	7,000,000
NET			0			0			0
Unfunded Debt—									
Special Loans	213	...	...	200	...	...	200	...	...
Deposits of Service Funds	93,096	...	...	95,900	...	...	97,400	...	...
Savings Bank Deposits	6,577,745	...	...	12,529,400	...	...	6,625,200	...	...
TOTAL	6,671,054	...	6,671,054	12,625,500	...	12,625,500	6,722,800	...	6,722,800
NET			0			5,070,900			219,900
Deposits and Advances—									
Balances of Provincial Allotments	608,578	...	...	2,216,600	...	...	1,062,600	...	...
Deposits of Local Funds— District Funds	4,388,070	...	...	5,218,200	...	...	5,122,700	...	...
Other Funds	1,268,258	...	...	1,393,200	...	...	1,213,900	...	...
Deposits of Sinking Funds . . . . .	...	...	...	...	...	...	...	...	...
Gold Standard Reserve	4,300,000	10,709,547	...	25,200	10,038,000	...	...	8,238,500	...
Departmental and Judicial Deposits— War transactions . . . . .	...	...	...	644,700	...	...	1,168,000	...	...
Other transactions	29,782,270	...	...	30,682,900	...	...	29,980,500	...	...
Advances	5,893,406	76,878	...	7,002,300	1,086,500	...	8,137,100	1,072,000	...
Suspense Accounts	163,303	...	...	36,400	...	...	10,300	...	...
Exchange on Remittance Account (neg)	190	...	...	...	...	...	...	...	...
Miscellaneous	21,879	23	...	...	...	...	...	...	...
TOTAL	46,425,954	10,786,448	57,212,402	47,279,500	11,124,500	58,404,000	46,695,100	9,310,500	56,005,600
NET			0			1,413,600			1,358,000
Carried over	125,114,313	38,046,231	...	133,085,600	36,114,400	...	123,685,200	41,838,800	...

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1913-1914.			REVISED ESTIMATE, 1914-1915.			BUDGET ESTIMATE, 1915-1916.		
	India.	England.	TOTAL.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . . .	143,157,667	15,440,480		147,492,600	20,302,900		141,405,100	19,011,900	
Loans and Advances by Imperial Government . . .	377,694	...	377,694	198,400	...	198,400	185,000	...	185,000
Net . . .			213,183			0			0
Loans and Advances by Provincial Governments . . .	1,082,099	...	1,082,099	1,448,200	...	1,448,200	1,576,200	...	1,576,200
Net . . .			0			0			405,000
Loans to Local Boards for Railway Construction . . .	7,124	...	7,124	7,400	...	7,400	7,700		7,700
Net . . .			7,124			7,400			7,700
Remittances—									
Inland Money Orders . . .	37,604,247	...		38,666,700	...		39,966,700	...	
Other Local Remittances . . .	...	...		5,948,100	...		4,355,500	...	
Other Departmental Accounts . . .	21,301	...		...	...		...	...
Net Receipts by Civil Treasuries from—									
Posts and Telegraphs . . .	985,361	...		...	...		...	...
Railways . . .	14,486,413	...		11,087,000	...		12,461,500	...	
Net Receipts from Civil Treasuries by—									
Posts and Telegraphs . . .	...	...		6,030,100	...		1,265,700	...	
Marine . . .	247,052	...		4,966,400	...		3,463,900	...	
Military Works . . .	736,861	...		933,300	...		610,300	...	
Military . . .	13,323,625	...		16,825,800	...		18,811,700	...	
Remittance Account between England and India—									
Gold remitted from India . . .	...	...		...	604,800		...	...
Transfers through Paper Currency Reserve . . .	...	...		...	1,000,000		...	...
War transactions . . .	...	...		604,000	9,293,000		254,000	8,630,000	
Purchase of Silver . . .	4,528,611	...		...	...		...	...
Railway transactions . . .	5,008,320	8,855		4,684,900	2,358,500		3,230,700	7,016,500	
Other " . . .	939,722	2,150,713		981,800	1,238,500		1,130,300	1,269,000	
TOTAL . . .	77,931,213	2,159,568	80,090,781	90,728,100	14,494,800	105,222,900	85,550,300	16,915,500	102,465,800
Net . . .			0			0			306,200
Secretary of State's Bills drawn . . .	...	(b) 29,050,827	29,050,827	...	(c) 6,900,000	6,900,000	...	7,700,000	7,700,000
TOTAL RECEIPTS . . .	222,555,797	46,650,875		239,874,700	41,697,700		228,724,300	43,627,400	
Opening Balance . . .	19,293,131	(a) 9,789,634		15,608,253	(c) 8,157,732		13,795,853	(d) 7,391,032	
GRAND TOTAL . . .	241,848,928	56,440,509		255,482,953	49,855,432		242,520,153	51,018,432	

(a) Of this amount £1,005,664 represents the funds of the Gold Standard Reserve.

(c) £24,962

(e) In addition to £600,000 for remittance of the "Gold Standard Reserve."

Government of India, in India and in England—*continued.*

	ACCOUNTS, 1913-1914.			REVISED ESTIMATE, 1914-1915.			BUDGET ESTIMATE, 1915-1916.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	125,114,313	38,046,231		133,085,600	36,114,400		123,685,200	41,838,800	
Loans and Advances by Imperial Government .	164,511	...	164,511	203,100	...	203,100	338,700	...	338,700
NET .			0			4,700			153,700
Loans and Advances by Provincial Governments .	1,880,036	...	1,880,036	1,579,800	...	1,579,800	1,171,200	...	1,171,200
NET .			797,937			131,600			0
Remittances—									
Inland Money Orders .	37,532,110	...		38,666,700	...		39,966,700	...	
Other Local Remittances .	448,415	...		5,948,100	...		4,355,500	...	
Other Departmental Accounts	12	...		...	...		...	...
Net Payments into Civil Treasuries by—									
Posts and Telegraphs .	992,064	...		...	...		...	...
Railways	14,823,021	...		11,287,000	...		12,461,500	...	
Net Issues from Civil Treasuries to—									
Posts and Telegraphs .	...	...		6,036,100	...		1,265,700	...	
Marine	247,345	...		4,966,400	...		3,463,900	...	
Military Works . .	737,178	...		933,300	...		610,300	...	
Military	13,323,472	...		16,825,600	...		18,811,700	...	
Remittance Account between England and India—									
Gold remitted from India . . . .	...	...		604,800	...		...	...
Transfers through Paper Currency Reserve . . . .	...	...		1,000,000	...		...	...
War transactions . .	...	...		10,024,300	604,000		8,337,000	254,000	
Purchase of Silver . .	555	4,528,056		...	...		...	...
Railway transactions .	920	5,016,044		2,325,200	4,718,200		6,500,000	3,747,200	
Other "	1,925,966	692,446		1,349,700	1,027,800		1,349,900	1,036,200	
TOTAL .	70,031,058	10,236,543	80,267,601	99,961,400	6,350,000	106,311,400	97,122,200	5,037,400	102,159,600
NET .			176,823			1,088,500			0
Secretary of State's Bills paid	(b) 29,050,757	...	29,050,757	(e) 6,857,200	...	6,857,200	7,660,000	...	7,660,000
TOTAL DISBURSEMENTS .	226,240,675	48,282,777		241,687,100	42,464,400		229,977,300	46,876,200	
Closing Balance . .	15,608,253	(c) 8,157,732		13,795,853	(d) 7,391,032		12,542,853	(f) 4,142,232	
GRAND TOTAL .	241,848,928	56,440,509		255,482,953	49,855,432		242,520,153	51,018,432	

(b) In addition to £2,150,000 for remittance of the Gold Standard Reserve.

(d) Of this amount £8,162 represents the funds of the Gold Standard Reserve.

(f) " £8,262 " " " " " " "

H. F. HOWARD,
Controller of Currency.J. B. BRUNYATE,
Secretary to the Government of India.

D.—Statement of Revenue, Expenditure and Balances of Provincial Governments.

	Accounts, 1913-14.	Revised, 1914-15.	Budget, 1915-16.
Madras—	R	R	R
Balance on April 1st	2,28,58,879	1,75,60,000	1,02,92,000
Total Revenue including transfers from Imperial revenues—			
Special grants from Imperial revenues	31,33,500	24,51,000	24,50,000
Other revenue	7,26,09,014	7,34,95,000	7,37,69,000
Total Expenditure	8,10,40,925	8,32,14,000	7,80,53,000
Closing Balance	1,75,60,468	1,02,92,000	84,78,000
Bombay—			
Balance on April 1st	1,79,75,519	1,95,34,000	1,51,78,000
Total Revenue including transfers from Imperial revenues—			
Special grants from Imperial revenues	20,78,000	20,88,000	20,80,000
Other revenue	7,71,51,211	7,24,21,000	7,28,20,000
Total Expenditure	7,76,00,645	7,88,65,000	7,71,77,000
Closing Balance	1,95,34,085	1,51,78,000	1,29,01,000
Bengal—			
Balance on April 1st	3,13,30,270	3,18,11,000	2,74,81,000
Total Revenue including transfers from Imperial revenues—			
Special grants from Imperial revenues	34,81,000	34,92,000	34,90,000
Other revenue	5,86,60,472	5,74,14,000	5,82,17,000
Total Expenditure	6,16,60,630	6,52,36,000	6,48,29,000
Closing Balance	3,18,11,112	2,74,81,000	2,44,59,000
United Provinces—			
Balance on April 1st	1,84,23,473	1,84,74,000	1,48,95,000
Total Revenue including transfers from Imperial revenues—			
Special grants from Imperial revenues	23,41,600	24,22,000	22,27,000
Other revenue	6,56,61,396	6,31,44,000	6,53,15,000
Total Expenditure	6,79,55,292	6,91,45,000	6,90,25,000
Closing Balance	1,84,74,177	1,48,95,000	1,34,12,000
Punjab—			
Balance on April 1st	1,77,84,102	70,92,000*	54,00,000
Total Revenue including transfers from Imperial revenues—			
Special grants from Imperial revenues	14,11,000	16,84,000	13,55,000
Other revenue	4,47,31,340	4,59,66,000	4,73,51,000
Total Expenditure	4,68,34,852	4,93,42,000	4,91,64,000
Closing Balance	1,70,91,590	54,00,000	49,42,000
Burma—			
Balance on April 1st	1,30,22,199	1,39,36,000	94,13,000
Total Revenue including transfers from Imperial revenues—			
Special grants from Imperial revenues	11,82,000	24,92,000	9,92,000
Other revenue	5,49,63,223	5,26,45,000	5,52,25,000
Total Expenditure	5,54,31,197	5,96,60,000	5,81,27,000
Closing Balance	1,39,36,225	94,13,000	75,03,000
Bihar and Orissa—			
Balance on April 1st	2,00,84,199	1,91,64,000	1,55,63,000
Total Revenue including transfers from Imperial revenues—			
Special grants from Imperial revenues	24,56,000	14,64,000	14,61,000
Other revenue	2,81,83,313	2,85,47,000	2,92,33,000
Total Expenditure	3,15,59,375	3,36,12,000	3,40,03,000
Closing Balance	1,91,64,137	1,55,63,000	1,22,54,000
Central Provinces—			
Balance on April 1st	90,72,033	1,09,53,000	95,00,000
Total Revenue including transfers from Imperial revenues—			
Special grants from Imperial revenues	10,34,000	9,14,000	9,14,000
Other revenue	2,96,49,750	2,82,94,000	2,83,73,000
Total Expenditure	2,88,02,505	3,06,61,000	2,95,52,000
Closing Balance	1,09,53,278	95,00,000	89,35,000
Assam—			
Balance on April 1st	78,06,494	55,89,000	31,43,000
Total Revenue including transfers from Imperial revenues—			
Special grants from Imperial revenues	5,12,500	4,48,000	4,48,000
Other revenue	1,55,94,449	1,40,53,000	1,45,59,000
Total Expenditure	1,83,24,640	1,69,47,000	1,61,07,000
Closing Balance	55,88,803	31,43,000	20,43,000
Total—			
Balance on April 1st	15,83,57,168	14,41,13,000	11,08,65,000
Total Revenue including transfers from Imperial revenues—			
Special grants from Imperial revenues	1,76,29,600	1,74,55,000	1,54,17,000
Other revenue	44,72,07,168	43,59,79,000	44,49,62,000
Total Expenditure	46,90,80,061	48,66,82,000	47,63,17,000
Closing Balance	15,41,13,875	11,08,65,000	9,49,27,000
Total (in sterling)—	£	£	£
Balance on April 1st	10,557,144	9,607,600	7,391,000
Total Revenue including transfers from Imperial revenues—			
Special grants from Imperial revenues	1,175,307	1,163,700	1,027,800
Other revenue	29,813,811	29,065,200	29,664,100
Total Expenditure	31,272,004	32,445,500	31,754,500
Closing Balance	10,274,258	7,391,000	6,328,400

* The figure here given for the opening Provincial balance of 1914-15 differs from that given for the closing Provincial balance of 1913-14 owing to the surrender by the Government of the Punjab of Rs 1 crore of its balance in lieu of a recurring contribution from Imperial revenues of Rs 3,50,000 per annum with effect from 1st April 1914.

R. A. GAMBLE,
Comptroller-General.

H. F. HOWARD,
Controller of Currency.

J. B. BRUNYATE,
Secy. to the Govt. of India,

DELHI,

FINANCE DEPARTMENT;

March 2, 1915.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.		ACCOUNTS, 1913-1914.				REVISED ESTI- MATE, 1914-1915.		BUDGET ESTI- MATE, 1915-1916.		
		Revenue.	EXPENDITURE.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
			Refunds and Assign- ments.	Cost of Collection and Pro- duction.						
Revenue Heads.		£	£	£	£	£	£	£	£	
Principal Heads of Revenue	Land Revenue (excluding that due to Irrigation)	21,391,575	770,094	3,986,422	16,635,059		16,491,200		17,117,900	
	Opium	1,624,878	6,090	1,012,440	606,348		893,000		841,500	
	Salt	3,445,305	262,804	365,373	2,817,128		3,059,600		2,723,200	
	Stamps	5,315,293	58,173	173,143	5,086,977		4,856,100		4,896,400	
	Excise	8,894,300	103,523	437,529	8,353,248		8,193,800		8,197,100	
	Provincial Rates	180,210	522	...	179,688		36,800		30,400	
	Customs	7,558,220	147,374	261,252	7,149,794		5,874,500		5,527,400	
	Assessed Taxes	1,950,250	13,478	31,254	1,905,518		1,958,000		1,829,000	
	Forest	2,229,872	9,936	1,174,488	1,045,448		753,200		816,500	
	Registration	518,962	986	255,453	262,523		229,000		247,900	
	Tributes	616,881	204,263	...	412,618		399,600		409,000	
	TOTAL		53,728,746	1,577,243	7,697,354	44,454,149		42,745,400		42,681,800
Total deduction from Revenue			9,274,597							
Expenditure Heads.										
Debt Services	Interest	1,352,119	1,515,653			163,534		472,600	408,500	
	Posts and Telegraphs	3,598,519	3,272,984		325,535		229,200		284,800	
Commercial Services	Railways	17,625,634	12,836,101		4,789,533		1,913,600		1,179,300	
	Irrigation	4,713,159	3,531,837		1,181,292		984,300		1,144,500	
Other Public Works	Civil Works, etc.	298,640	7,010,038			6,711,398		6,749,800	5,562,800	
Mint	Mint	339,841	132,630		207,211			81,500	30,700	
Civil Depart- ments	Civil Departments	1,408,286	17,934,199			16,525,913		17,407,200	17,596,100	
	Superannuation	203,810	3,399,487			3,192,677		3,294,600	3,353,700	
Miscellaneous Civil Services	Exchange	119,741	...		119,741		71,700			
	Miscellaneous	352,612	602,235			249,623		170,100	212,100	
	Other heads	93,416	1,402,082			1,308,666		1,239,900	959,400	
Famine Relief and Insurance	Famine Relief	...	157,511			157,511		289,900	7,100	
	Other heads	...	842,489			842,489		710,100	992,900	
Military Ser- vices	Army { Effective	1,080,631	16,542,871			15,462,240		15,979,200	15,584,400	
	Non-effective	122,875	3,246,368			3,123,493		3,146,500	3,171,000	
	Marine	89,542	512,845			423,303		395,500	555,600	
	Military works	76,604	947,297			870,693		942,000	677,300	
	Special Defences (1902)	...	16,384			16,384		23,500	21,100	
TOTAL		85,207,175	83,177,638		2,029,537			4,958,200	3,832,900	
Provincial Ad- justment	Surplus		...							
	Deficit		282,886		282,886		2,216,600		1,062,600	
TOTAL		85,207,175	82,894,752		2,312,423			2,741,600	2,770,300	
Capital Account	Surplus				2,312,423					
	Deficit							2,741,600	2,770,300	
	Railway and Irrigation Capital not charged to Revenue:—									
	Capital raised through Companies towards outlay on State Railways					34,667	2,367,500		6,533,300	
	Capital contributed by Native States towards construction of State Railways					200,000	66,700		66,700	
	Capital raised and deposited by Railway Companies (net)					4,717,480	2,944,000		320,600	
	Outlay on Irrigation Works						1,282,262		1,168,400	
	Outlay on State Railways						10,483,200		10,656,600	
	Initial outlay on new Capital at Delhi						447,134		363,400	
	Outlay of Railway Companies					(net)	2,002,303		1,450,700	
	Permanent Debt					(net)				
	Temporary Debt					(net)				
Debt, Deposits, Advances, and Remittances	Unfunded Debt	(net)			118,200		2,727,200		2,008,700	
	Loans and Advances by Imperial Government	(net)			2,201,970			5,070,900	219,900	
	Loans and Advances by Provincial Governments	(net)			213,183			4,700	153,700	
	Loans to Local Boards for Railway Construction	(net)			7,124	797,937		131,600	405,000	
	Deposits and Advances	(net)			67,762		7,400		7,700	
	Remittances	(net)						1,483,600	1,358,000	
	Secretary of State's Bills drawn				29,050,827	176,823		1,088,500	306,200	
	Secretary of State's Bills paid					29,050,757	6,900,000		7,700,000	
Cash Balance	Opening Balance				38,923,636	44,240,416	28,446,100	31,025,200	17,348,200	
	Closing Balance				29,082,765	23,765,985	23,765,985	21,186,885	21,186,885	
TOTAL					68,006,401	68,006,401	52,212,055	52,212,055	38,535,085	

R. A. GAMBLE,
Comptroller General.

H. F. HOWARD,
Controller of Currency.

J. B. BRUNYATE,
Secretary to the Government of India.

DELHI,
FINANCE DEPARTMENT;
March 2, 1915.

